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ITEM 8. Financial Statements and Supplementary Data

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)



Molson Coors Brewing Company
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

84-0178360
(I.R.S. Employer
Identification No.)

**1225 17th Street, Denver, Colorado
1555 Notre Dame Street East, Montréal, Québec, Canada**
(Address of principal executive offices)

80202
H2L 2R5
(Zip Code)

303-927-2337 (Colorado)
514-521-1786 (Québec)
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock (voting), \$0.01 par value	New York Stock Exchange
Class B Common Stock (non-voting), \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Title of class

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the registrant's publicly-traded stock held by non-affiliates of the registrant at the close of business on June 25, 2010, was \$6,412,865,015 based upon the last sales price reported for such date on the New York Stock Exchange and the Toronto Stock Exchange. For purposes of this disclosure, shares of common and exchangeable stock held by persons holding more than 5% of the outstanding shares of stock and shares owned by officers and directors of the registrant as of June 25, 2010 are excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive of affiliate status.

The number of shares outstanding of each of the registrant's classes of common stock, as of February 14, 2011:

Class A Common Stock—2,585,894 shares

Class B Common Stock—162,041,020 shares

Exchangeable shares:

As of February 14, 2011, the following number of exchangeable shares was outstanding for Molson Coors Canada, Inc.:

Class A Exchangeable Shares—2,954,733 shares

Class B Exchangeable Shares—19,268,514 shares

These Class A and Class B exchangeable shares offer substantially the same economic and voting rights as the respective classes of common shares of the registrant. This is achieved via the following structure: The registrant has outstanding one share each of special Class A and Class B voting stock, through which the holders of Class A exchangeable shares and Class B exchangeable shares of Molson Coors Canada Inc. (a subsidiary of the registrant), respectively, may exercise their voting rights with respect to the registrant. The special Class A and Class B voting stock are entitled to one vote for each of the exchangeable shares, respectively, excluding shares held by the registrant or its subsidiaries, and generally vote together with the Class A common stock and Class B common stock, respectively, on all matters on which the Class A common stock and Class B common stock are entitled to vote. The trustee holder of the special Class A voting stock and the special Class B voting stock has the right to cast a number of votes equal to the number of then outstanding Class A exchangeable shares and Class B exchangeable shares, respectively.

Documents Incorporated by Reference: Portions of the registrant's definitive proxy statement for the registrant's 2011 annual meeting of stockholders are incorporated by reference under Part III of this Annual Report on Form 10-K.

**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
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Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Such forward-looking statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements, and include, but are not limited to, statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outlook for 2011" relating to overall volume trends, consumer preferences, pricing trends, industry forces, cost reduction strategies, anticipated results, anticipated synergies, expectations for funding future capital expenditures and operations, debt service capabilities, shipment levels and profitability, market share and the sufficiency of capital resources. In addition, statements that we make in this report that are not statements of historical fact may also be forward-looking statements. Words such as "expects," "goals," "plans," "believes," "continues," "may," "anticipate," "seek," "estimate," "outlook," "trends," "future benefits," "strategies," and variations of such words and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to be materially different from those indicated (both favorably and unfavorably). These risks and uncertainties include, but are not limited to those described under the heading "Risk Factors", elsewhere throughout this report, and those described from time to time in our future reports filed with the Securities and Exchange Commission ("SEC"). Caution should be taken not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

Unless otherwise noted in this report, any description of "we", "us" or "our" includes Molson Coors Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating subsidiaries: Coors Brewing Company ("CBC"), operating in the United States ("U.S.") until June 30, 2008 when MCBC and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of their respective subsidiaries, CBC and Miller Brewing Company ("Miller"), and the results and financial position of U.S. operations, which had historically comprised substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors LLC ("MillerCoors"); Molson Coors Brewing Company (UK) Limited ("MCBC-UK"), operating in the United Kingdom ("U.K."); Molson Coors Canada ("MCC"), operating in Canada; and our other entities. Any reference to "Coors" means the Adolph Coors Company prior to the 2005 merger with Molson Inc. (the "Merger"). Any reference to Molson Inc. or Molson means MCC prior to the Merger. Any reference to "Molson Coors" means MCBC after the Merger.

Unless otherwise indicated, information in this report is presented in U.S. dollars ("USD" or "\$").

History

Molson was founded in 1786, and Coors was founded in 1873. Our commitment to producing the highest quality beers is a key part of our heritage and remains so today. Our brands are designed to appeal to a wide range of consumer tastes, styles and price preferences. Our largest markets are Canada, the United States and the United Kingdom.

Coors was incorporated in June 1913 under the laws of the State of Colorado. In August 2003, Coors changed its state of incorporation to the State of Delaware. In February 2005 upon completion of the Merger, Coors changed its name to Molson Coors Brewing Company.

Our Operating Segments

MCBC operates the following business segments: Canada, the United States, the United Kingdom, and Molson Coors International ("MCI"). Our MCI results are reported with our Corporate group's results. A separate operating team manages each segment, and each segment manufactures, markets and sells beer and other beverage products.

See Part II—Item 8 Financial Statements and Supplementary Data, Note 3 "Segment Reporting" of the Notes to the Consolidated Financial Statements ("Notes") for information relating to our segments and operations, including financial and geographic information. For certain risks attendant to our foreign operations, refer to Part I—Item 1A Risk Factors and the discussions regarding our Canada and U.K. segments.

No single customer accounted for more than 10% of our consolidated or segmented sales in 2010, 2009, or 2008.

Our Products

We have a diverse portfolio of owned and partner brands, including signature brands *Coors Light*, *Molson Canadian* and *Carling*, which are positioned to meet a wide range of consumer segments and occasions.

Brands sold in Canada include *Coors Light*, *Molson Canadian*, *Molson Export*, *Molson Canadian 67*, *Molson Dry*, *Molson M*, *Rickard's Red* and other *Rickard's* brands, *Carling*, *Carling Black Label*, *Pilsner*, *Keystone Light*, *Creemore Springs*, the *Granville Island* brands and a number of other regional brands.

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We also brew or distribute under license the following brands: *Heineken*, *Amstel Light* and *Murphy's* under license from Heineken N.V. ("Heineken"), *Asahi* and *Asahi Select* under license Asahi Breweries, Ltd., *Miller Lite*, *Miller Genuine Draft*, *Miller Chill*, *Milwaukee's Best* and *Milwaukee's Best Dry* under license from SABMiller, and *Foster's* under license from Foster's Group Limited ("Fosters"). We are also party to a joint venture with Grupo Modelo S.A.B. de C.V. ("Modelo"), which imports, distributes and markets the Modelo beer brand portfolio, including the *Corona*, *Coronita*, *Negra Modelo* and *Pacifico* brands, across all Canadian provinces and territories.

MillerCoors sells a wide variety of brands in the U.S. Its flagship premium light brands are *Coors Light* and *Miller Lite*. Brands in the domestic premium segment include *Coors Banquet*, *Miller Genuine Draft* and *MGD 64*. Brands in the domestic super premium segment include *Miller Chill* and *Sparks*. Brands in the below premium segment include *Miller High Life*, *Miller High Life Light*, *Keystone Light*, *Icehouse*, *Mickey's*, *Milwaukee's Best*, *Milwaukee's Best Light* and *Old English 800*. Craft and import brands, marketed and sold through the newly-created Tenth and Blake Beer Company, include the *Blue Moon* brands, *Henry Weinhard's*, *George Killian's Irish Red*, the *Leinenkugel's* brands, *Peroni Nastro Azzurro*, *Pilsner Urquell* and *Grolsch*. Brands in the non-alcoholic segment include *Coors Non-Alcoholic* and *Sharp's*. MillerCoors licenses the right to brew and sell *George Killian's Irish Red*. MCBC and SABMiller assigned the United States and Puerto Rican ownership rights to their legacy brands to MillerCoors, but retained all ownership of these brands outside the United States and Puerto Rico.

Brands sold in the U.K. include: *Carling*, *C2*, *Coors Light*, *Worthington's*, *White Shield*, *Caffrey's*, *Kasteel Cru*, and *Blue Moon*, as well as a number of smaller regional ale brands. We also sell the *Grolsch* brands through a joint venture with Royal Grolsch N.V. and the *Cobra* brands through a joint venture called Cobra Beer Partnership Ltd., and are the exclusive distributor for several brands which are sold under license, including *Corona*, *Coronita*, *Negra Modelo*, *Pacifico*, *Singha* and *Magners Draught Cider*. Additionally, in order to be able to provide a full line of beer and other beverages to our on-premise customers, we sell factored brands, including wines in our U.K. segment, which are third party brands for which we provide distribution to retail, typically on a non-exclusive basis.

MCBC also markets and sells several of its brands in various international markets. Brands unique to various international markets include *Zima*, *Si'hai*, *Coors Gold*, and *Coors Extra*.

Canada Segment

We are Canada's second largest brewer by volume and North America's oldest beer company. We have an approximate 40% market share in Canada. We brew, market, sell and distribute a wide variety of beer brands nationally. Our portfolio has leading brands in all major product and price segments. Our focus and investment is on key owned brands, including *Coors Light*, *Molson Canadian*, *Molson Dry*, *Molson Export*, *Rickard's*, *Creemore Springs* and *Granville Island* and key strategic distribution partnerships, including those with Heineken, Modelo and SABMiller. *Coors Light* currently has a 14% market share and is the top selling beer brand in Canada and *Canadian* currently has an 8% market share and is the third largest selling beer in Canada.

The Canada segment also includes our partnership arrangements related to the distribution of beer in Ontario, Brewers' Retail Inc. ("BRI"), and in the Western provinces, Brewers' Distributor Ltd. ("BDL"). BRI and BDL are currently accounted for under the equity method of accounting. BRI was consolidated in our financial statements until March 1, 2009, when it was deconsolidated. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes for further discussion.

Sales and Distribution

In Canada, provincial governments regulate the beer industry, particularly with regard to the pricing, mark-up, container management, sale, distribution, and advertising of beer. Distribution and

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the retail sale of alcohol products involves a wide range and varied degree of Canadian government control through their respective provincial liquor boards.

Province of Ontario

In Ontario, beer may only be purchased at retail outlets operated by BRI, at government-regulated retail outlets operated by the Liquor Control Board of Ontario, at approved agents of the Liquor Control Board of Ontario, or at any bar, restaurant, or tavern licensed by the Liquor Control Board of Ontario to sell liquor for on-premise consumption. We, together with certain other brewers, participate in the ownership of BRI in proportion to provincial market share relative to other brewers in the ownership group. Brewers may deliver directly to BRI's outlets or may choose to use BRI's distribution centers to access retail stores in Ontario, the Liquor Control Board of Ontario system and licensed establishments.

Province of Québec

In Québec, beer is distributed directly by each brewer or through independent agents. We are the agent for the licensed brands we distribute. The brewer or agent distributes the products to permit holders for retail sales for on-premise consumption. Québec retail sales for off-premise consumption are made through grocery and convenience stores as well as government operated outlets.

Province of British Columbia

In British Columbia, the government's Liquor Distribution Branch controls the regulatory elements of distribution of all alcohol products in the province. BDL which we co-own with a competitor, manages the distribution of our products throughout British Columbia. Consumers can purchase beer at any Liquor Distribution Branch retail outlet, at any independently owned and licensed retail store or at any licensed establishment for on-premise consumption. Establishments licensed primarily for on-premise liquor sales may also be licensed for off-premise consumption.

Province of Alberta

In Alberta, the distribution of beer is managed by independent private warehousing and shipping companies or by a government sponsored system in the case of U.S. sourced products. All sales of liquor in Alberta are made through retail outlets licensed by the Alberta Gaming and Liquor Commission or licensees, such as bars, hotels and restaurants. BDL manages the distribution of our products in Alberta.

Other Provinces

Our products are distributed in the provinces of Manitoba and Saskatchewan through local liquor boards. Manitoba and Saskatchewan also have licensed private retailers. BDL manages the distribution of our products in Manitoba and Saskatchewan. In the Maritime Provinces (other than Newfoundland), local liquor boards distribute and sell our products. Yukon, Northwest Territories and Nunavut manage distribution and sell through government liquor commissioners.

Manufacturing, Production and Packaging

Brewing Raw Materials

We select global suppliers in order to procure the highest quality materials and services at the lowest prices available. We also use hedging instruments to mitigate the risk of volatility in certain commodities and foreign exchange markets.

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We source barley malt from two primary providers. Hops are purchased from a variety of global suppliers in the U.S., Europe, and New Zealand. Other starch brewing adjuncts are sourced from two main suppliers, both in North America. We do not foresee any significant risk of disruption in the supply of these agricultural products. Water used in the brewing process is from local sources in the communities where our breweries operate. We do not anticipate future difficulties in accessing water or agricultural products.

Brewing and Packaging Facilities

We operate seven breweries, strategically located throughout Canada, which brew, bottle, package, market and distribute all owned and certain licensed brands sold in and exported from Canada. See Item 2, "Properties" for further detail.

Packaging Materials

We single source glass bottles and aluminum cans and have a committed supply through 2011. Availability of glass bottles and aluminum cans has not been an issue, and we do not expect any difficulties in accessing them in the future. The distribution systems in each province generally provide the collection network for returnable bottles and aluminum cans. The standard container for beer brewed in Canada is the 341 ml returnable bottle, which represents a significant majority of the approximately 56% of bottle volume sales in Canada. Aluminum cans account for approximately 34% of volume sales in Canada. We sell approximately 10% of our beer volume in stainless steel kegs. A limited number of kegs are purchased every year, and there is no long-term supply commitment. Crowns, labels, corrugate, and paperboard are purchased from a small number of sources unique to each product. We do not foresee difficulties in accessing these products in the near future.

Seasonality of Business

Consumption of beer in Canada is seasonal, with approximately 40% of industry sales volume occurring during the four months from May through August.

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources. While the Company believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

2010 Canada Beer Industry Overview

The Canadian brewing industry is a mature market. It is characterized by aggressive competition for volume and market share from regional brewers, microbrewers and certain foreign brewers, as well as our main domestic competitor. These competitive pressures require significant annual investment in marketing and selling activities.

There are three major beer price categories: above premium, which includes most imports; premium, which includes the majority of domestic brands and the light sub-segment; and value (below premium).

Since 2001, the premium beer category in Canada has gradually lost volume to the above premium and value categories. For each of the five years ended December 31, 2008, Canada beer industry shipments annual average growth rate approximated 1%. While in 2009 and 2010, Canada beer industry shipments declined at a rate of less than 1%.

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Our Competitive Position

Our brands compete with competitor beer brands and other alcohol beverages, including wine and spirits, and thus our competitive position is affected by consumer preferences between and among these other categories. Our brand portfolio gives us strong representation in all major beer categories.

The Canada brewing industry is comprised principally of two major brewers, MCBC and Anheuser-Busch InBev ("ABI"), whose combined market share is approximately 82% of beer sold in Canada. The Ontario and Québec markets account for approximately 62% of the total beer market in Canada.

Regulation

In Canada, provincial governments regulate the production, marketing, distribution, selling, and pricing of beer (including the establishment of minimum prices), and impose commodity taxes and license fees in relation to the production and sale of beer. In addition, the federal government regulates the advertising, labeling, quality control, and international trade of beer, and also imposes commodity taxes, consumption taxes, excise taxes, and in certain instances, custom duties on imported beer. In 2010, Canada excise taxes totaled \$617.4 million or approximately \$69 per hectoliter sold. Further, certain bilateral and multilateral treaties entered into by the federal government, provincial governments and certain foreign governments, especially with the United States, affect the Canadian beer industry.

United States Segment

Effective, July 1, 2008, MCBC and SABMiller formed MillerCoors to combine their respective U.S. and Puerto Rico operations. Each party contributed its business and related operating assets and certain liabilities. The percentage interests in the profits of MillerCoors are 58% for SABMiller and 42% for MCBC. Voting interests are shared 50%-50%, and MCBC and SABMiller have equal board representation within MillerCoors. MCBC and SABMiller have each agreed not to transfer its economic or voting interests in MillerCoors for a period of five years, and certain rights of first refusal apply to any subsequent assignment. Our interest in MillerCoors is accounted for under the equity method of accounting.

Prior to the formation of MillerCoors, we produced, marketed, and sold the MCBC portfolio of brands in the United States and its territories, and, the U.S. operating segment included the results of the Rocky Mountain Metal Container ("RMMC") and Rocky Mountain Bottle Container ("RMBC") joint ventures. Effective July 1, 2008, MCBC's equity investment in MillerCoors represents our U.S. operating segment.

MillerCoors is currently the second largest brewer by volume in the United States, with a market share of nearly 30%.

Sales and Distribution

In the United States, beer is generally distributed through a three-tier system consisting of manufacturers, distributors and retailers. A national network of approximately 470 independent distributors purchases MillerCoors' products and distributes them to retail accounts. Approximately 19% is sold on-premise in bars and restaurants, and the other 81% is sold off-premise in liquor stores, convenience stores, grocery stores, and other retail outlets. MillerCoors wholly owns one distributorship, which handled less than 1% of their total volume in 2010.

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Manufacturing, Production and Packaging

Brewing Raw Materials

MillerCoors uses the highest quality ingredients to brew its products. MillerCoors malts a portion of its production requirements, using barley purchased under yearly contracts from independent farmers located in the western United States. Other barley, malt, and cereal grains are purchased from suppliers primarily in the United States. Hops are purchased from suppliers in the United States, New Zealand and certain European countries. MillerCoors has water rights to provide for and to sustain brewing operations in case of a prolonged drought in the regions for which they have operations. MillerCoors does not anticipate future difficulties in accessing water or agricultural products.

Brewing and Packaging Facilities

There are eight major breweries/packaging facilities which produce MillerCoors products. MillerCoors imports Molson brands from MCBC and *Peroni, Pilsner Urquell, Grolsch*, and other import brands from SABMiller.

Packaging Materials

Over half of U.S. products sold were packaged in aluminum cans in 2010. A portion of aluminum cans were purchased from RMMC, a joint venture with Ball Corporation ("Ball"), whose production facility is located near the brewery in Golden, Colorado. In addition to the supply agreement with RMMC, MillerCoors has a commercial supply agreement with Ball to purchase cans and ends in excess of what is supplied through RMMC; these agreements have various expiration dates. The RMMC joint venture agreement is scheduled to expire at the end of 2011, MillerCoors does not anticipate any resultant supply interruptions. Approximately one-third of U.S. products in 2010 were packaged in glass bottles of which a portion was provided by RMBC, a joint venture with Owens-Brockway Glass Container, Inc. The joint venture with Owens, as well as a supply agreement with Owens for the glass bottles required in excess of RMBC's production, expires in 2015. The approximate remaining 10% of U.S. production volume sold in 2010 was packaged in half, quarter, and one-sixth barrel stainless steel kegs. A limited number of kegs are purchased each year, and there is no long-term supply agreement. Crowns, labels, corrugate and paperboard are purchased from a small number of sources unique to each product. MillerCoors does not foresee difficulties in accessing packaging products in the future.

Contract Manufacturing

MillerCoors has an agreement to brew, package and ship products for Pabst Brewing Company through June 2020. Additionally, MillerCoors produces beer under contract for our MCI business, SABMiller and Foster's LLC.

Seasonality of the Business

MillerCoors U.S. sales volumes are normally lowest in the winter months (first and fourth quarters) and highest in the summer months (second and third quarters).

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources and MillerCoors distributors. While the Company believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

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2010 U.S. Beer Industry Overview

The beer industry in the United States is highly competitive, and the two largest brewers, of which MillerCoors is the smaller, represent approximately 80% of the market. The intention of the creation of MillerCoors was to create a stronger U.S. brewer with the scale, operational efficiency and distribution platform to compete more effectively in the U.S. market place. Growing or even maintaining market share has required significant investments in marketing. For the ten years ended December 31, 2008, the U.S. beer industry shipments annual growth rate approximated 1%, compared with an estimated decline of less than 2% in 2010 and a decline of approximately 2% in 2009.

Our Competitive Position

The MillerCoors portfolio of beers competes with numerous above premium, premium, low-calorie, popular priced, non-alcoholic, and imported brands. These competing brands are produced by international, national, regional and local brewers. MillerCoors competes most directly with ABI, but also competes with imported and craft beer brands. MillerCoors is the nation's second- largest brewer, selling nearly 30% of the total 2010 U.S. brewing industry shipments (including exports and U.S. shipments of imports). This compares to ABI's estimated market share of 50%.

MillerCoors' products also compete with other alcohol beverages, including wine and spirits, and thus their competitive position is affected by consumer preferences between and among these other categories. Sales of wine and spirits have grown faster than sales of beer in recent years, resulting in a reduction in the beer segment's lead in the overall alcohol beverage market.

Regulation

In the U.S., the beer business is regulated by federal, state, and local governments. These regulations govern many parts of MillerCoors' operations, including brewing, marketing and advertising, transportation, distributor relationships, sales, and environmental issues. To operate their facilities, they must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including the U.S. Treasury Department; Alcohol and Tobacco Tax and Trade Bureau; the U.S. Department of Agriculture; the U.S. Food and Drug Administration; state alcohol regulatory agencies; and state and federal environmental agencies.

Governmental entities also levy taxes and may require bonds to ensure compliance with applicable laws and regulations. U.S. federal excise taxes on malt beverages currently approximate \$15 per hectoliter. State excise taxes are levied at varying rates with an average rate of approximately \$2 per hectoliter in 2010.

United Kingdom Segment

We are the United Kingdom's second largest beer company with an approximate 19% share of the U.K. beer market, Western Europe's second largest market. Sales are primarily in England and Wales, with *Carling* representing more than 80% of our total U.K. segment beer volume. The U.K. segment consists of our production and sale of the MCBC brands in the U.K., our joint venture arrangement for the production and distribution of *Grolsch* brands in the U.K. and the Republic of Ireland, our joint venture arrangement for the production and distribution of the *Cobra* brands in the U.K., factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by us), and our Tradeteam joint venture arrangement with DHL (formerly Exel Logistics) for the distribution of products throughout Great Britain. Additionally, beginning in the fourth quarter of 2010, we distribute the *Modelo* brands, including *Corona*, pursuant to a distribution agreement with *Modelo*.

Sales and Distribution

In the U.K., beer is generally distributed through a two-tier system consisting of manufacturers and retailers. Most of our beer in the U.K. is sold directly to retailers. It is also common in the U.K. for brewers to distribute beer, wine, spirits, and other products owned and produced by other companies ("factored" brands) to the on-premise channel (bars and restaurants). Approximately 32% of our U.K. segment net sales in 2010 represent factored brands. Factored brand sales are included in our net sales and cost of goods, but are not included in our reported volumes.

Generally, over the past three decades, volumes have shifted from the higher margin on-premise channel, where products are consumed in pubs and restaurants, to the lower margin off-premise channel, also referred to as the "take-home" market.

On-Premise Channel

The on-premise channel accounted for approximately 60% of our U.K. sales volumes in 2010. The on-premise channel has two sub-categories: multiple on-premise and independent on-premise. Multiple on-premise refers to those customers who own a number of pubs and restaurants and independent on-premise refers to individual owner-operators of pubs and restaurants. In 2010, approximately 53% and 47% of our on-premise volume represents multiple (including national wholesalers) and independent on-premise customers, respectively. In recent years, pricing competition in the on-premise channel has intensified as the retail pub chains have consolidated. As a result, the larger pub chains have been able to negotiate lower beer prices from brewers.

In the U.K., the installation and maintenance of draught beer dispensing equipment in the on-premise channel is generally the responsibility of the brewer. Accordingly, we own equipment used to dispense beer from kegs to consumers. This includes beer lines, cooling equipment, taps, and countermounts.

Similar to other U.K. brewers, we utilize loans in securing supply relationships with customers in the on-premise market. Loans are normally granted at below-market rates of interest, with the outlet purchasing beer at lower-than-average discount levels to compensate. We reclassify a portion of sales revenue to interest income to reflect the economic substance of these loans. See Part II—Item 8 Financial Statements and Supplementary Data, Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" of the Notes for further discussion.

Off-Premise Channel

The off-premise channel accounted for approximately 40% of our U.K. sales volume in 2010. The off-premise channel includes sales to supermarkets, convenience stores, liquor stores, distributors, and wholesalers. The off-premise channel has become increasingly concentrated among a small number of super-store chains, placing increasing downward pressure on pricing.

Distribution

Distribution activities for both the on- and off-premise channels are conducted by Tradeteam, which operates a system of satellite warehouses and a transportation fleet.

Manufacturing, Production and Packaging

Brewing Raw Materials

We use the highest quality water, barley and hops to brew our products. During 2010, we produced 100% of our required malt using U.K.-sourced barley. Hops and adjunct starches used in the brewing

process are purchased from agricultural sources in the U.K. and on the European continent. We do not anticipate future difficulties in accessing water or agricultural products.

Brewing and Packaging Facilities

We operate three breweries in the U.K. which brew, bottle, package and distribute all owned brands sold in the U.K. See Item 2, "Properties" for further detail. Product sold in Ireland is produced by contract brewers.

Packaging Materials

We used kegs and casks for approximately 54% of our U.K. products in 2010, reflecting a high percentage of product sold on-premise. Approximately 39% of our U.K. products were packaged in steel cans with aluminum ends in 2010. All of our cans are purchased through a supply contract with Ball. Approximately 5% of our U.K. products are packaged in glass bottles purchased through supply contracts with third-party suppliers. The remaining 2% of our U.K. sales are shipped in bulk tanker for other brewers to package, in kegs and casks. Crowns, labels, corrugate, and paperboard are purchased from concentrated sources unique to each product. We do not foresee difficulties in accessing these or other packaging materials in the foreseeable future.

Contract Manufacturing

We have a contract brewing and kegging agreement with Heineken for the *Fosters* and *Kronenbourg* brands. We also have an agreement with Heineken whereby it will brew and package certain of our products for Ireland through December 2011. In addition, we agreed to a multi-year agreement to contract brew ales for Carlsberg Group ("Carlsberg") beginning in 2011.

Seasonality of Business

In the U.K., the beer industry is subject to seasonal sales fluctuations primarily influenced by holidays, weather and by certain major televised sporting events. Peak selling seasons occur during the summer and during the Christmas and New Year holidays.

Known Trends and Competitive Conditions

Industry and competitive information in this section and elsewhere in this report was compiled from various industry sources. While the Company believes that these sources are reliable, we cannot guarantee the accuracy of data and estimates obtained from these sources.

2010 U.K. Beer Industry Overview

The beer market in 2010 declined by approximately 3%, with the On-Premise declining approximately 8% and the Off-Premise increasing approximately 1%, impacted by poor summer weather and worsening economic conditions. A widening price differential between the on-premise (higher prices) and the off-premise (lower prices) has tended to benefit off-premise sales. For each of the ten years ended December 31, 2007, U.K. beer industry shipments declined at an average rate of between 1% and 2%, compared with declines of approximately 6%, 4%, and 3% in 2008, 2009 and 2010, respectively.

The industry has also experienced a steady trend away from ales and toward lagers. Sales of lagers accounted for 75% of the U.K. market in 2010.

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Our Competitive Position

Our brands compete not only with similar products from competitors, but also with other alcohol beverages, including wines, spirits, and ciders. With the exception of stout, where we do not have our own brand, our brand portfolio gives us strong representation in all major beer categories. Our strength in the growing lager category with *Carling*, *Grolsch*, *Coors Light*, *Corona* and *Cobra* positions us well to take advantage of the continuing trend toward lagers. Our portfolio has been strengthened by the introduction of a range of imported and specialty beer brands, such as *Singha*, *Cobra* and *Corona*.

Our principal competitors are Heineken, ABI, and Carlsberg, with market shares of approximately 25%, 18%, and 14%, respectively, compared to our share of 19% (excluding factored brands).

Regulation

In the U.K., regulations apply to many parts of our operations and products, including brewing, food safety, labeling and packaging, marketing and advertising, environmental, health and safety, employment, and data protection regulations. To operate our breweries and carry on business in the U.K., we must obtain and maintain numerous permits and licenses from local Licensing Justices and governmental bodies, including Her Majesty's Revenue & Customs; the Office of Fair Trading; the Data Protection Commissioner and the Environment Agency.

The U.K. government levies excise taxes on all alcohol beverages at varying rates depending on the type of product and its alcohol content by volume. In 2010, we incurred approximately \$824 million in excise taxes on gross revenues of approximately \$2.1 billion, or \$93 per hectoliter.

MCI and Corporate

The objective of MCI is to grow and expand our business and brand portfolios in our non-core and developing markets. Our current businesses in Asia, continental Europe, Mexico and the Caribbean (excluding Puerto Rico) are combined with our corporate business activities for reporting purposes. Corporate includes corporate interest and certain other general and administrative costs that are not allocated to any of the operating segments.

Asia

The MCI Asia region is primarily comprised of businesses in China and Japan, with increasing focus in the Philippines and Vietnam markets. The Japan business is focused on the *Zima* and *Coors Light* brands. Additionally, beginning in January, 2011, our Japan business will sell the *Corona* brands pursuant to an agreement with Modelo completed in November 2010. In September 2010, a joint venture agreement was finalized in China with Hebei Si'hai Beer Company, giving MCBC a 51% share of the newly formed Molson Coors Si'hai Brewing (China) Co., Ltd. ("MC Si'hai"). In addition to selling and marketing Si'hai brands, the MC-Si'hai will produce *Coors Light* for our Chinese business beginning mid-2011. The results of MC Si'hai are consolidated into the MCBC financial statements.

Europe

Our business within continental Europe is focused on growing *Carling*, *Coors Light* and *Cobra* with a focus on developing our business in Spain. Products are brewed by and exported from our U.K. breweries and through a license agreement with Mahou San Miguel for the Iberian peninsula.

Mexico, Central America, the Caribbean and Other

Coors Light is sold in Mexico through an exclusive licensing agreement with Heineken. In 2010, we entered into an exclusive licensing agreement with Moscow Brewing Company for manufacturing and distribution of *Coors Light* in Russia. In the Caribbean and Central America, our products are

produced under a brewing agreement with MillerCoors and are exported to and sold through agreements with independent distributors.

Corporate

Corporate includes interest and certain other general and administrative costs that are not allocated to any of the operating segments. The majority of these corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, accounting, treasury, insurance and risk management. Corporate also includes certain royalty income and administrative costs related to the management of intellectual property.

Other Information

Global Intellectual Property

We own trademarks on the majority of the brands we produce and have licenses for the remainder. We also hold several patent and design registrations relating to beer dispensing systems, packaging, and certain other innovations. These patents have expiration dates through 2035. We are not reliant on royalties or other revenue from third parties for our financial success. Therefore, these expirations are not expected to have a significant impact on our business.

Environmental Matters

Our operations are subject to a variety of extensive and changing federal, state and local environmental laws, regulations and ordinances that govern activities or operations that may have adverse effects on human health or the environment. Such laws, regulations or ordinances may impose liability for the cost of remediation, and for certain damages resulting from sites of past releases of hazardous materials. Our policy is to comply with all such legal requirements. While we cannot predict our eventual aggregate cost for the environmental and related matters in which we may be or are currently involved, we believe that any payments, if required, for these matters would be made over a period of time in amounts that would not be material in any one year to our operating results, cash flows, or our financial or competitive position. We believe adequate reserves have been provided for losses that are probable and estimable. However, there can be no assurance that environmental laws will not become more stringent in the future or that we will not incur material costs in the future in order to comply with such laws. See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes under the caption "*Environmental*" for additional information regarding environmental matters.

Employees and Employee Relations

Canada

We have approximately 2,740 full-time employees in our Canada segment, of which 62% are represented by trade unions. We maintain agreements with the various unions representing workers at each of our facilities. We believe that relations with our Canada employees are good.

United States

We have approximately 170 employees in our corporate headquarters in Denver, Colorado. We believe that relations with our U.S. employees are good.

MillerCoors has approximately 9,000 employees. Approximately 36% of its work force is represented by unions. We believe that MillerCoors' relations with its U.S. employees are good.

United Kingdom

We have approximately 2,400 employees in our U.K. segment. Approximately 23% of this total workforce is represented by trade unions, primarily at our Burton-on-Trent and Tadcaster breweries. We believe that relations with our U.K. employees are good.

Molson Coors International

We have approximately 350 employees in our MCI business, primarily in Asia (China and Japan) and within our Denver headquarters offices. We believe that relations with these employees are good.

Financial Information about Foreign and Domestic Operations and Export Sales

See Part II—Item 8 Financial Statements and Supplementary Data, Note 3 "Segment Reporting" of the Notes for discussion of sales, operating income, and identifiable assets attributable to our country of domicile, the United States, and all foreign countries.

Available Information

Our internet website is <http://www.molsoncoors.com>. Through a direct link to our reports at the SEC's website at <http://www.sec.gov>, we make available, free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. The foregoing website addresses are provided as inactive textual references only. The information provided on our website (or any other website referred to in this report) is not part of this report and is not incorporated by reference as part of this report.

All of Molson Coors' directors and employees, including its Chief Executive Officer, Chief Financial Officer, and other senior financial officers, are bound by Molson Coors' Code of Business Conduct, which complies with the requirements of the New York Stock Exchange and the SEC to ensure that the business of Molson Coors is conducted in a legal and ethical manner. The Code of Business Conduct covers all areas of professional conduct, including employment policies, conflicts of interest, fair dealing, and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of our business. A copy of the Code of Business Conduct is available on the Molson Coors website. Molson Coors endeavors to disclose amendments to, or waivers from, certain provisions of the Code of Business Conduct for executive officers and directors on its website within four business days following the date of such amendment or waiver.

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Executive Officers

The following tables set forth certain information regarding our Executive Officers as of February 12, 2010:

Name	Age	Position
Krishnan Anand	53	President of Molson Coors International
Peter H. Coors	64	Chairman of the Board of the Company, Executive Director of Coors Brewing Company, and Chairman of the Board of MillerCoors LLC
Stewart Glendinning	45	Chief Financial Officer and a Director of MillerCoors LLC
Ralph P. Hargrow	58	Chief People Officer and a Director of MillerCoors LLC
Mark Hunter	48	President and Chief Executive Officer of Molson Coors Brewing Company (UK) Limited
David Perkins	57	President and Chief Executive Officer of Molson Coors Canada
Peter Swinburn	58	President, Chief Executive Officer and a Director, and a Director of MillerCoors LLC
Gregory L. Wade	62	Chief Supply Chain Officer
Samuel D. Walker	52	Chief Legal Officer, Corporate Secretary, and Managing Director of MillerCoors LLC

ITEM 1A. Risk Factors

The reader should carefully consider the following factors and the other information contained within this document. The most important factors that could influence the achievement of our goals, and cause actual results to differ materially from those expressed in the forward-looking statements, include, but are not limited to, the following:

Risks Specific to Our Company

Competition in our markets could require us to reduce prices or increase capital and other expenditures or cause us to lose sales volume, any of which could have a material adverse effect on our business and financial results. In most of our markets, our primary competitors have substantially greater financial, marketing, production and distribution resources than Molson Coors, and are more diverse in terms of their geographies and brand portfolios. In all of the markets in which Molson Coors operates, aggressive marketing strategies by these competitors could adversely affect our financial results. Moreover, each of our major markets is mature.

Our success as an enterprise depends largely on the success of relatively few products in several mature markets; the failure or weakening of one or more of these products or markets could materially adversely affect our financial results. Our Molson Canadian and Coors Light brands in Canada, Miller Lite and Coors Light brands in the U.S., and Carling brand in the U.K. represented more than half of each respective segment's sales in 2010. Consequently, any material shift in consumer preferences away from these brands, or from the categories in which they compete, could have a material adverse effect on our business.

If Pentland and the Coors Trust do not agree on a matter submitted to stockholders, generally the matter will not be approved, even if beneficial to us or favored by other stockholders. Pentland Securities (a company controlled by the Molson family, related parties) ("Pentland") and the Coors Trust, which together control more than two-thirds of our Class A common stock and Class A exchangeable shares, have voting trust agreements through which they have combined their voting power over the shares of our Class A common stock and the Class A exchangeable shares that they own. In the event that these

two stockholders do not agree to vote in favor of a matter submitted to a stockholder vote (other than the election of directors), the voting trustees will be required to vote all of the Class A common stock and Class A exchangeable shares deposited in the voting trusts against the matter. There is no other mechanism in the voting trust agreements to resolve a potential deadlock between these stockholders. Therefore, if either Pentland or the Coors Trust is unwilling to vote in favor of a proposal that is subject to a stockholder vote, we would be unable to implement the proposal even if our board, management or other stockholders believe the proposal is beneficial to us. Similarly, our bylaws require the authorization of a super-majority (two-thirds) of the board of directors to take certain transformational actions. Thus it is possible that the Company will not be authorized to take action even if it is supported by a simple majority of the board.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could unfavorably impact liquidity and results of operations. Our costs of providing defined benefit pension plans are dependent upon a number of factors, such as the rates of return on the plans' assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plans, exchange rate fluctuations, future government regulation, global equity prices, and our required and/or voluntary contributions to the plans. While we comply with the minimum funding requirements, we have certain qualified pension plans with obligations which exceed the value of the plans' assets. Without sustained growth in the pension investments over time to increase the value of the plans' assets, and depending upon the other factors as listed above, we could be required to fund the plans with significant amounts of cash. Such cash funding obligations could have a material impact on our cash flows, credit rating and cost of borrowing, financial position, or results of operations.

We rely on a small number of suppliers to obtain the packaging we need to operate our business. The inability to obtain materials could unfavorably affect our ability to produce our products. We purchase certain types of packaging materials including aluminum, glass and paperboard from a small number of suppliers. Consolidation of the packaging materials suppliers has reduced local supply alternatives and increased risks of supply disruptions. The inability of any of these suppliers to meet our production requirements without sufficient time to develop an alternative source could have a material adverse effect on our business.

Termination of one or more manufacturer/distribution agreements, which could have a material adverse effect on our business. We manufacture and/or distribute products of other beverage companies through various joint ventures, licensing, distribution or other arrangements. The loss of one or more of these arrangements, as a result of industry consolidation or otherwise, could have a material adverse effect on the business and financial results of one or more reporting segments.

We may not properly execute, or realize the anticipated \$150 million of cost savings or benefits from, our ongoing cost savings initiatives. Our success is partly dependent upon properly executing and realizing cost savings or other benefits from the additional cost savings initiatives, our second Resources for Growth ("RFG2"), identified during 2009. These initiatives are primarily designed to make the company more efficient across the business, which is a necessity in our highly competitive industry. These initiatives are often complex, and a failure to implement them properly may, in addition to not meeting projected cost savings or benefits, result in a strain on the company's sales, manufacturing, logistics, customer service, or finance and accounting functions. Any of these results could have a material adverse effect on our business and financial results.

Changes in tax, environmental or other regulations or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on our financial condition. Our business is highly regulated by federal, state, provincial, and local laws and regulations in various countries regarding such matters as licensing requirements, trade and pricing practices, labeling, advertising, promotion and marketing practices, relationships with distributors, environmental matters, smoking bans at on-premise locations, and other matters. These laws and regulations are subject to frequent re-evaluation and

political debate. Failure to comply with existing laws and regulations or changes in these laws and regulations or in tax, environmental, excise tax levels imposed or any other laws or regulations could result in the loss, revocation or suspension of our licenses, permits or approvals and could have a material adverse effect on our business, financial condition, and results of operations. Finally, advocates of prohibition and other severe restrictions on the marketing and sales of alcohol are becoming increasingly organized on a global basis, seeking to impose regulations to curtail substantially the consumption of alcohol, including beer, in developed and developing markets. To the extent such views gain traction in national regulations where we do or plan to do business, they could have a material adverse impact on our business and results of operations.

Our consolidated financial statements are subject to fluctuations in foreign exchange rates, most significantly the British pound ("GBP") and the Canadian dollar ("CAD"). We hold assets and incur liabilities, earn revenues and pay expenses in different currencies, most significantly in Canada and in the U.K. Since our financial statements are presented in U.S. Dollars ("USD"), we must translate our assets, liabilities, income and expenses into USD. Increases and decreases in the value of the USD will affect, perhaps adversely, the value of these items in our financial statements, even if their local currency value has not changed. To the extent that we fail to adequately manage these risks, including if our hedging arrangements do not effectively or completely hedge changes in foreign currency rates, our results of operations may be materially and adversely impacted.

Our operations face significant exposure to changes in commodity prices, which could materially and adversely affect our operating results. We use a large volume of agricultural and other raw materials to produce our products, including barley, barley malt, hops, corn, other various starches, water, and packaging materials, including aluminum, cardboard and other paper products. We also use a significant amount of diesel fuel in our operations. The supply and price of these raw materials and commodities can be affected by a number of factors beyond our control, including market demand, global geopolitical events (especially as to their impact on crude oil prices and the resulting impact on diesel fuel prices), frosts, droughts and other weather conditions, economic factors affecting growth decisions, plant diseases, and theft. To the extent any of the foregoing factors affect the prices of ingredients or packaging or our hedging arrangements do not effectively or completely hedge changes in commodity price risks, our results of operations could be materially and adversely impacted.

The success of our business relies heavily on brand image, reputation, and product quality. It is important we have the ability to maintain and increase the image and reputation of our existing products. Concerns about product quality, even when unsubstantiated, could be harmful to our image and reputation of our products. Deterioration to our brand equity may have a material effect on our business and financial results.

Due to a high concentration of unionized workers in Canada, the United Kingdom, and at MillerCoors in the U.S., we could be significantly affected by labor strikes, work stoppages, or other employee-related issues. Approximately 62%, 23% and 36% of our Canadian, U.K., and MillerCoors' workforces, respectively, are represented by trade unions. We believe relations with our employees and those of MillerCoors are good. Stringent labor laws in the U.K. expose us to a greater risk of loss should we experience labor disruptions in that market. Any labor strike, work stoppage or other employee-related issue could have a material adverse effect on our business and financial results.

Changes to the regulation of the distribution systems for our products could adversely impact our business. In our U.S. market, there is a three-tier distribution system that has historically applied to the distribution of products now sold through MillerCoors (including our non-U.S. products). That system is increasingly subject to the legal challenges on the basis that it allegedly interferes with interstate commerce. To the extent that such challenges are successful and require changes to the three-tier system, such changes could have a materially adverse impact on MillerCoors and, consequently, MCBC. Further, in certain Canadian provinces, our products are distributed through joint

venture arrangements that are mandated and regulated by provincial government regulators. If provincial regulation should change, effectively eliminating the distribution channels, the costs to adjust our distribution methods could have a material adverse impact on our business.

Changes in various supply chain standards or agreements could adversely impact our business. Our business includes various joint venture and industry agreements which standardize parts of the supply chain system. Examples include the returnable bottle system in Canada, as well as warehousing and customer delivery systems organized under joint venture agreements with other brewers. Any change in these agreements could have a material adverse impact on our business.

Because of our reliance on third-party service providers for certain administrative functions, we could experience a disruption to our business. We rely exclusively on one information services provider worldwide for our information technology functions including network, help desk, hardware, and software configuration. We also have outsourced a significant portion of work associated with our finance and accounting, human resources, and other information technology functions to a third-party service provider. If one of these service providers were to fail and we were unable to find a suitable replacement in a timely manner, we could be unable to properly administer our outsourced functions.

We may incur impairments of the carrying value of our goodwill and other intangible assets that have indefinite useful lives. In connection with various business combinations, we have allocated material amounts of the related purchase prices to goodwill and other intangible assets that are considered to have indefinite useful lives. These assets are tested for impairment at least annually, using estimates and assumptions affected by factors such as economic and industry conditions and changes in operating performance. Potential resulting charges could be material and could adversely impact our results of operations.

Climate change and water availability may negatively affect our business. There is concern that a gradual increase in global average temperatures could cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. While warmer weather has historically been associated with increased sales of beer, changing weather patterns could result in decreased agricultural productivity in certain regions which may limit availability or increase the cost of key agricultural commodities, such as hops, barley and other cereal grains, which are important ingredients for our products. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt our supply chain or impact demand for our products. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment. As a result, the effects of climate change could have a long-term, material adverse impact on our business and results of operations. There are also water availability risks. Climate change may cause water scarcity and a deterioration of water quality in areas where we maintain brewing operations. The competition for water among domestic, agricultural and manufacturing users is increasing in some of our brewing communities. Even where water is widely available, water purification and waste treatment infrastructure limitations could increase costs or constrain our operations.

Risks Specific to the Canada Segment

We may experience continued discounting in Canada. The continuation, or the increase of such discounting, in Ontario, Québec, Alberta or other provinces, could adversely impact our business.

Risks Specific to the U.S. Segment and MillerCoors

We do not fully control the operations and administration of MillerCoors, which represents our interests in the U.S. beer business. We jointly control MillerCoors with SABMiller, and hold a 42% economic

interest. MillerCoors management is responsible for the day to day operations of the business and therefore, we do not have full control over the activities of MillerCoors. Our results of operations are dependent upon the efforts of MillerCoors management, our ability to govern the joint venture effectively with SABMiller, and factors beyond our control that may affect SABMiller. Additionally, our disclosure controls and procedures with respect to MillerCoors are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

We may incur unexpected costs or face other business issues from MillerCoors due to challenges associated with integrating operations, technologies, and other aspects of the operations. MillerCoors management team continues to focus on fully integrating ours and SABMiller's U.S. operations, technologies, and services, as well as the distribution networks including the resolution of disputes arising from the consolidation of distributors arising from the MillerCoors joint venture. The failure of MillerCoors to successfully integrate the two operations could adversely affect our financial results or prospects.

MillerCoors is highly dependent on independent distributors in the United States to sell its products, with no assurance that these distributors will effectively sell its and our products. MillerCoors sells all of its products and our non-U.S. products in the United States to distributors for resale to retail outlets and the regulatory environment of many states makes it very difficult to change distributors. Consequently, if MillerCoors is not allowed or is unable to replace unproductive or inefficient distributors, their business, financial position, and results of operation may be adversely affected, which could have a material adverse effect on our business and financial results.

Risks Specific to the United Kingdom Segment

A failure to successfully implement SAP, as our integrated accounting/financial reporting and logistics management systems (including those within our Tradeteam partner) in our U.K. segment in mid 2011 could adversely affect our ability to effectively manage our customer order and production planning processes, as well as to report results in a timely and accurate manner. In mid 2011, we plan to implement SAP and new related processes for all our general ledger accounting and transaction activities, as well our logistics and production planning processes. Some companies have experienced startup difficulties with similar projects. If our contingency plans fail, we face certain risks when the system is implemented, including the ability to operate cost-effectively, deliver on customer orders, collect cash from sales and report the results of operations. Additionally, we may not achieve the benefits we expect from these re-engineered processes.

Sales volume trends in the United Kingdom brewing industry reflect movement from on-premise channels to off-premise channels, a trend which unfavorably impacts our profitability. In recent years, beer volume sales in the U.K. have been shifting from pubs and restaurants (on-premise) to retail stores (off-premise), for the industry in general. A ban on smoking in pubs and restaurants across the whole of the U.K. enacted in 2007 accelerated this trend. Margins on sales to off-premise customers tend to be lower than margins on sales to on-premise customers, and, as a result, continuation or acceleration of these trends would further adversely impact our profitability.

Consolidation of pubs and growth in the size of pub chains in the United Kingdom could unfavorably impact pricing. The trend toward consolidation of pubs, away from independent pub and club operations, is continuing in the United Kingdom. These larger entities have stronger price negotiating power, and therefore continuation of this trend could impact our ability to obtain favorable pricing in the on-premise channel (due to the spillover effect of reduced negotiating leverage) and could reduce our revenues and profit margins. In addition, these larger customers continue to move to purchasing directly more of the products that, in the past, we have provided as part of our factored business. Further consolidation could contribute to an adverse financial impact.

In the event that a significant pub chain were to go bankrupt, or experience similar financial difficulties, our business could be adversely impacted. We extend credit to pub chains in the U.K., and in some cases the amounts are significant. The continuing challenging economic environment in the U.K. has caused business at on-premise outlets to slow since late 2008, and some pub chains may face increasing financial difficulty if economic conditions do not improve. In the event that a pub chain were to be unable to pay amounts owed to the Company as a result of bankruptcy or similar financial difficulties, our business could be adversely impacted.

We depend exclusively on one logistics provider in England, Wales, and Scotland for distribution of our U.K. products. Tradeteam handles all of the physical distribution for us in England, Wales and Scotland, except where a different distribution system is requested by a customer. If Tradeteam were unable to continue distribution of our products and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could have an adverse financial impact.

Risks Specific to Our Discontinued Operations

Indemnities provided to the purchaser of 83% of the Cervejarias Kaiser Brasil S.A. ("Kaiser") business in Brazil could result in future cash outflows and statement of operations charges. In 2006, we sold our 83% ownership interest in Kaiser to FEMSA Cerveza S.A. de C.V. ("FEMSA"). The terms of the sale agreement require us to indemnify FEMSA for exposures related to certain tax, civil and labor contingencies and certain purchased tax credits. The ultimate resolution of these claims is not under our control. These indemnity obligations are recorded as liabilities on our balance sheet however, we could incur future statement of operations charges as facts further develop resulting in changes to our estimates or changes in our assessment of probability of loss on these items as well as due to fluctuations in foreign exchange rates. Due to the uncertainty involved in the ultimate outcome and timing of these contingencies, significant adjustments to the carrying value of our indemnity liabilities and corresponding statement of operations charges/credits could result in the future.

ITEM 1B. Unresolved SEC Staff Comments

None.

ITEM 2. Properties

As of December 25, 2010, our major facilities were (owned unless otherwise indicated):

Facility	Location	Character
<i>Canada</i>		
Administrative Offices	Toronto, Ontario	Canada Segment Headquarters
	Montréal, Québec	Corporate Headquarters
Brewery/packaging plants	St Johns, Newfoundland	Packaged malt beverages
	Montréal, Québec(5)	
	Creemore, Ontario	
	Moncton, New Brunswick	
	Toronto, Ontario(5)	
	Vancouver, British Columbia(6)	
Distribution warehouses	Québec Province(1)	Distribution centers
	Rest of Canada(2)	
<i>United States/MCI and Corporate</i>		
Administrative Offices	Denver, Colorado(3)	Corporate and MCI Headquarters
Administrative Offices	Guangzhou, China(4)	
	Tokyo, Japan(4)	
	Hong Kong(4)	
Brewery/packaging plants	Chengde, China	Packaged malt beverages
<i>United Kingdom</i>		
Administrative Office	Burton-on-Trent, Staffordshire	U.K. Segment Headquarters
Brewery/packaging plants	Burton-on-Trent, Staffordshire(5)	Malt and spirit-based beverages/packaged malt beverages
	Tadcaster Brewery, Yorkshire	
	Alton Brewery, Hampshire	
Malting/grain silos	Burton-on-Trent, Staffordshire	Malting facility
Distribution warehouse	Burton-on-Trent, Staffordshire	Distribution center

- (1) We own 12 distribution centers, lease 2 additional distribution centers, own 2 warehouses and lease 10 additional warehouses in the Québec Province.
- (2) We lease 8 warehouses in the throughout Canada, excluding the Québec Province.
- (3) Leased facility.
- (4) We lease main headquarter offices in Asia. Additionally, in China we lease regional offices to comply with local regulations which require an office in each city where we trade (55 cities).
- (5) Montréal and Toronto breweries account for approximately 73% of our Canada production. The Burton-on-Trent brewery is the largest brewery in the U.K. and accounts for approximately 62% of MCBC-UK's production.
- (6) We own two brewing and packaging facilities in Vancouver, British Columbia.

We believe our facilities are well maintained and suitable for their respective operations. In 2010, our operating facilities were not capacity constrained.

ITEM 3. Legal Proceedings

The Company is a party to various legal proceedings arising from the normal course of business as described in Part I—Financial Statements, Item 1 Note 20, "Commitments and Contingencies—Litigation and Other Disputes" of the Notes, which if decided adversely to or settled by MCBC, may,

individually or in the aggregate, be material to our financial condition or results of operations. We may enter into discussions regarding settlement of these and other lawsuits, and may enter into settlement agreements if we believe such settlement is in the best interests of our stockholders.

In 1999, Molson entered into an agreement for the distribution of Molson products in Brazil. In 2000, before commencing that business, Molson terminated the distribution agreement and paid the distributor \$150,000 in settlement. The distributor then sued Molson to set aside the settlement and to seek additional compensation. The Appellate Court of the State of Rio de Janeiro ("Appellate Court") set aside the settlement agreement and determined that Molson was liable to the distributor, with the amount of damages to be determined through subsequent proceedings. An appeal of the liability decision is currently pending before the Brazilian Superior Court of Justice, which allowed Molson's appeal during the fourth quarter of fiscal year 2009 and agreed to hear the merits of Molson's appeal. With respect to damages, the case was remanded to a Rio de Janeiro trial court to determine the amount of damages. The trial court retained an expert who provided a report adopting the position of the distributor and recommended damages based on a business plan that was never implemented. Molson challenged the irregularity of the expert process, the impartiality of the expert, as well as the report's specific recommendation. The trial court denied Molson's challenges. Molson filed an appeal before the Appellate Court regarding these procedural irregularities, which was denied during the fourth quarter of fiscal year 2009. Following the trial court's procedural ruling during the third quarter of 2009, that court handed down a decision in the distributor's favor granting the full amount of the lost anticipated profits alleged by the distributor, approximately \$42 million, plus attorney's fees and interest. Molson appealed the judgment to the Appellate Court. During the fourth quarter of 2009, the Appellate Court directed the court-retained expert to explain the basis for his damages calculation. During the first quarter of 2010, the Appellate Court granted Molson's appeal and vacated the \$42 million judgment. The Appellate Court remanded the proceeding to the trial court and ordered that court to select a different expert. The Appellate Court furthermore directed the trial court to use specific criteria in setting damages, the effect of which should be to substantially reduce the award. Molson sought clarification as to the precise criteria to be used. In late April 2010, the Appellate Court denied Molson's motion for clarification, but limited the accrual of interest in this matter. In mid October 2010, the Appellate Court denied the distributor's motion to set aside the vacation of the \$42 million judgment. We will continue to defend this case vigorously, and believe that a material adverse result is not probable.

From time to time, we have been notified that we are or may be a potentially responsible party ("PRP") under the Comprehensive Environmental Response, Compensation and Liability Act or similar state laws for the cleanup of other sites where hazardous substances have allegedly been released into the environment. For example, we are one of approximately 60 entities named by the Environmental Protection Agency ("EPA") as a PRP at the Lowry Superfund site. This landfill is owned by the City and County of Denver and is managed by Waste Management of Colorado, Inc. ("Waste Management"). In the fourth quarter of 2008, we were informed that the State of Colorado might bring an action to recover natural resources damages. Although no formal action was brought, the State of Colorado informally asserted damages of approximately \$10 million. However, the Company was potentially liable for only a portion of those damages. The State and the top responsible parties reached a settlement regarding this matter and the settlement was approved by the court. We closed and paid this settlement of \$0.3 million in the fourth quarter of 2010.

We are involved in other disputes and legal actions arising in the ordinary course of our business. While it is not feasible to predict or determine the outcome of these proceedings, in our opinion, based on a review with legal counsel, none of these disputes and legal actions is expected to have a material impact on our consolidated financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters, may arise from time to time that may harm our business.

ITEM 4. [REMOVED AND RESERVED]

PART II**ITEM 5. Market for the Registrant's Common Equity and Issuer Purchases of Equity Securities**

We have Class A common stock and Class B non-voting common stock trading on the New York Stock Exchange under the symbols "TAP A" and "TAP," respectively. "TAP A" and "TAP" were de-listed from the Toronto Stock Exchange at the close of business on May 1, 2009. In addition, our indirect subsidiary, Molson Coors Canada Inc., has Exchangeable Class A and Exchangeable Class B shares trading on the Toronto Stock Exchange under the symbols "TPX.A" and "TPX.B," respectively. The Class A and B exchangeable shares are a means for shareholders to defer tax in Canada and have substantially the same economic and voting rights as the respective common shares. The exchangeable shares can be exchanged for Molson Coors Class A or B common stock at any time and at the exchange ratios described in the Merger documents, and receive the same dividends. At the time of exchange, shareholders' taxes are due. The exchangeable shares have voting rights through special voting shares held by a trustee, and the holders thereof are able to elect members of the Board of Directors. The approximate number of record security holders by class of stock at February 14, 2011, is as follows:

<u>Title of class</u>	<u>Number of record security holders</u>
Class A common stock, voting, \$0.01 par value	30
Class B common stock, non-voting, \$0.01 par value	3,161
Class A exchangeable shares	271
Class B exchangeable shares	2,826

The following table sets forth the high and low sales prices per share of our Class A common stock for each fiscal quarter of 2010 and 2009 as reported by the New York Stock Exchange, as well as dividends paid in such fiscal quarter.

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
2010			
First quarter	\$ 44.25	\$ 38.00	\$ 0.24
Second quarter	\$ 43.94	\$ 39.60	\$ 0.28
Third quarter	\$ 46.02	\$ 41.40	\$ 0.28
Fourth quarter	\$ 50.75	\$ 45.00	\$ 0.28
2009			
First quarter	\$ 48.00	\$ 30.81	\$ 0.20
Second quarter	\$ 46.25	\$ 34.00	\$ 0.24
Third quarter	\$ 49.75	\$ 42.00	\$ 0.24
Fourth quarter	\$ 50.58	\$ 42.32	\$ 0.24

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The following table sets forth the high and low sales prices per share of our Class B common stock for each fiscal quarter of 2010 and 2009 as reported by the New York Stock Exchange, as well as dividends paid in such fiscal quarter.

	<u>High</u>	<u>Low</u>	<u>Dividends</u>
2010			
First quarter	\$ 46.07	\$ 38.44	\$ 0.24
Second quarter	\$ 45.00	\$ 39.89	\$ 0.28
Third quarter	\$ 47.11	\$ 41.88	\$ 0.28
Fourth quarter	\$ 51.11	\$ 46.17	\$ 0.28
2009			
First quarter	\$ 49.88	\$ 30.76	\$ 0.20
Second quarter	\$ 46.89	\$ 33.44	\$ 0.24
Third quarter	\$ 49.88	\$ 41.68	\$ 0.24
Fourth quarter	\$ 51.11	\$ 42.90	\$ 0.24

The following table sets forth the high and low sales prices per share of our Exchangeable Class A shares for each fiscal quarter of 2010 and 2009 as reported by the Toronto Stock Exchange, as well as dividends paid in such fiscal quarter.

	<u>High</u>		<u>Low</u>		<u>Dividends</u>
2010					
First quarter	CAD 47.82	CAD	41.13	\$	0.24
Second quarter	CAD 45.79	CAD	42.00	\$	0.28
Third quarter	CAD 48.09	CAD	44.10	\$	0.28
Fourth quarter	CAD 51.55	CAD	46.92	\$	0.28
2009					
First quarter	CAD 53.84	CAD	40.37	\$	0.20
Second quarter	CAD 51.13	CAD	41.75	\$	0.24
Third quarter	CAD 53.53	CAD	48.31	\$	0.24
Fourth quarter	CAD 53.24	CAD	45.82	\$	0.24

The following table sets forth the high and low sales prices per share of our Exchangeable Class B shares for each fiscal quarter of 2010 and 2009 as reported by the Toronto Stock Exchange, as well as dividends paid in such fiscal quarter.

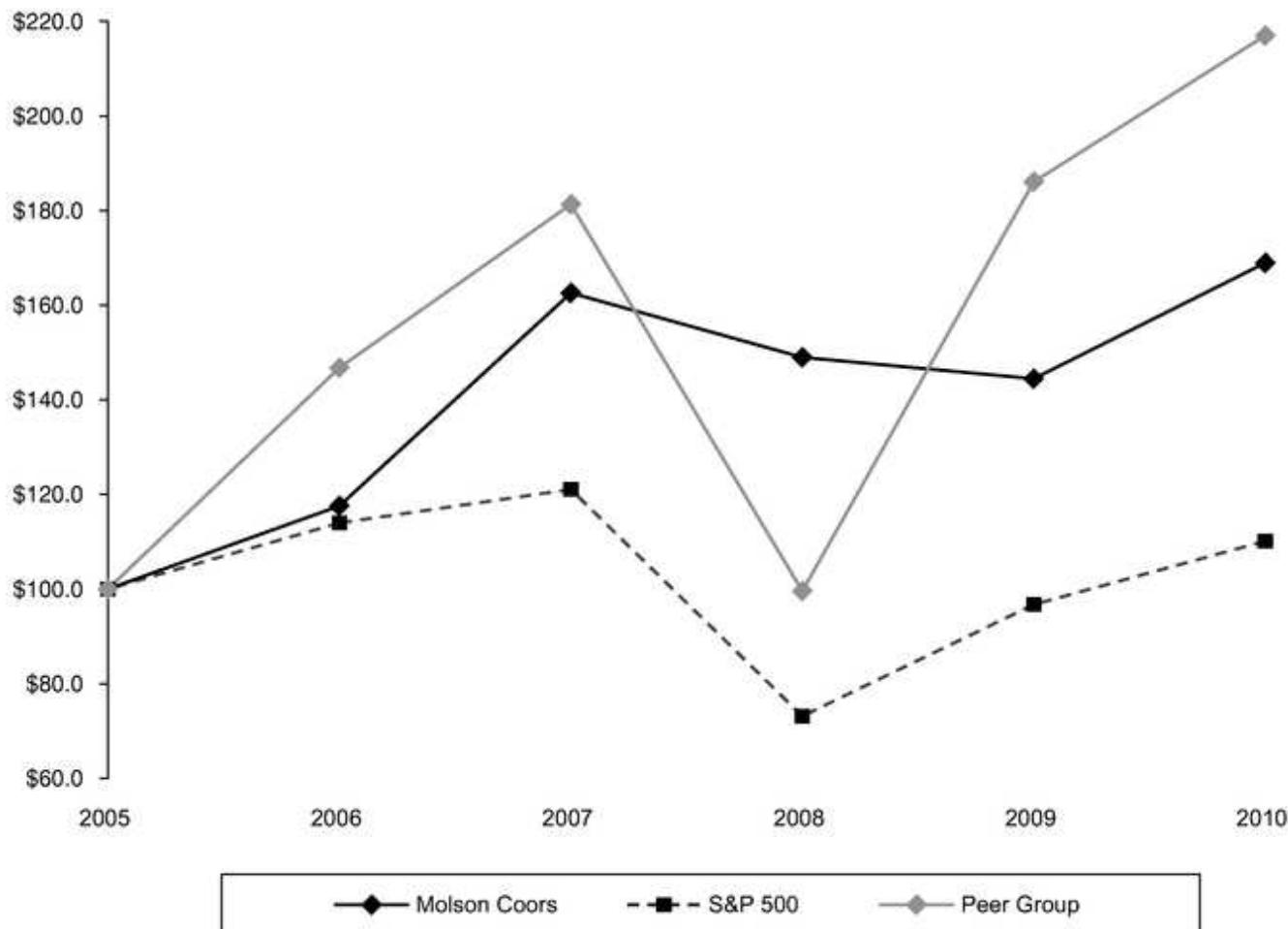
	<u>High</u>		<u>Low</u>		<u>Dividends</u>
2010					
First quarter	CAD 48.01	CAD	41.25	\$	0.24
Second quarter	CAD 45.80	CAD	42.36	\$	0.28
Third quarter	CAD 48.35	CAD	44.00	\$	0.28
Fourth quarter	CAD 51.75	CAD	46.71	\$	0.28
2009					
First quarter	CAD 60.00	CAD	40.25	\$	0.20
Second quarter	CAD 51.85	CAD	42.17	\$	0.24
Third quarter	CAD 54.39	CAD	47.80	\$	0.24
Fourth quarter	CAD 53.50	CAD	45.75	\$	0.24

PERFORMANCE GRAPH

The following graph compares Molson Coors' cumulative total stockholder return over the last five fiscal years with the Standard and Poor's 500 Index® ("S&P 500"), and a customized index including, MCBC, SABMiller, ABI, Carlsberg, Heineken, Modelo and Fosters ("Peer Group"). We have used an arithmetic average to determine the return for Peer Group. The graph assumes \$100 was invested on December 23, 2005, (the last trading day of our fiscal year 2005) in Molson Coors Class A common stock, the S&P 500 and Peer Group, and assumes reinvestment of all dividends.

On August 1, 2007, our Board of Directors declared a two-for-one stock split issued in the form of a dividend for all classes of capital stock, with a record date of September 19, 2007, and an effective date of October 3, 2007. All share and per share data included in the consolidated financial statements and accompanying notes have been adjusted to reflect this stock split.

**Molson Coors Brewing Company
Comparison of Five-Year Cumulative Total Return**



(1) Coors and Molson merged on February 9, 2005, to form Molson Coors Brewing Company. Performance prior to the merger is for Coors only.

(2) Peer Group represents the arithmetic average of the common stock of MCBC, SABMiller, ABI, Carlsberg, Heineken, Modelo and Foster's. These securities are traded on various exchanges throughout the world.

ITEM 6. Selected Financial Data

The table below summarizes selected financial information for the five years ended as noted. For further information, refer to our consolidated financial statements and notes thereto presented under Part II—Item 8 Financial Statements and Supplementary Data. Due to a new accounting pronouncement related to convertible debt, certain amounts have been adjusted from previously reported amounts. The pronouncement pertains to our 2.5% Convertible Senior Notes due July 30, 2013 that were issued in 2007 and resulted in adjustments to 2007 and 2008 income from continuing operations, per share amounts, total assets, and long-term debt in the table below. Refer to Part II—Item 8 Financial Statements and Supplementary Data, Note 2 "New Accounting Pronouncements" of the Notes under the sub-heading "Accounting for Convertible Debt Instruments".

	<u>2010(1)</u>	<u>2009(1)</u>	<u>2008(1)</u>	<u>2007(1)</u>	<u>2006(1)(2)</u>
	(In millions, except per share data)				
<i>Consolidated Statement of Operations:</i>					
Net sales(3)	\$ 3,254.4	\$ 3,032.4	\$ 4,774.3	\$ 6,190.6	\$ 5,845.0
Income from continuing operations attributable to MCBC	\$ 668.1	\$ 729.4	\$ 390.8	\$ 509.7	\$ 373.6
Income from continuing operations attributable to MCBC per share:					
Basic	\$ 3.59	\$ 3.96	\$ 2.14	\$ 2.85	\$ 2.17
Diluted	\$ 3.57	\$ 3.92	\$ 2.11	\$ 2.81	\$ 2.16
<i>Consolidated Balance Sheet data:</i>					
Total assets	\$ 12,697.6	\$ 12,021.1	\$ 10,386.6	\$ 13,415.1	\$ 11,603.4
Short-term borrowings and current portion of long-term debt	\$ 1.1	\$ 300.3	\$ 0.1	\$ 4.2	\$ 4.0
Long-term debt	\$ 1,959.6	\$ 1,412.7	\$ 1,752.0	\$ 2,165.1	\$ 2,129.8
<i>Other information:</i>					
Dividends per share of common stock	\$ 1.08	\$ 0.92	\$ 0.76	\$ 0.64	\$ 0.64

(1) 52-weeks reflected in 2010, 2009, 2008, and 2007 versus 53-weeks in 2006.

(2) Share and per share amounts have been adjusted from previously reported amounts to reflect a 2-for-1 stock split issued in the form of a stock dividend effective October 3, 2007.

(3) As a result of the MillerCoors formation on July 1, 2008, and MCBC's prospective equity accounting for MillerCoors, net sales for the fifty-two weeks ended December 28, 2008, only include net U.S. sales through the period ended June 30, 2008.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise noted in this report, any description of "we", "us" or "our" includes Molson Coors Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating subsidiaries: Coors Brewing Company ("CBC"), operating in the United States ("U.S.") until June 30, 2008 when MCBC and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of their respective subsidiaries, CBC and Miller Brewing Company ("Miller"), and the results and financial position of U.S. operations, which had historically comprised substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors LLC ("MillerCoors"); Molson Coors Brewing Company (UK) Limited ("MCBC-UK"), operating in the United Kingdom ("U.K."); Molson Coors Canada ("MCC"), operating in Canada; and our other entities. Any reference to "Coors" means the Adolph Coors Company prior to the 2005 merger with Molson Inc. (the "Merger"). Any reference to Molson Inc. or Molson means MCC prior to the Merger. Any reference to "Molson Coors" means MCBC after the Merger.

Unless otherwise indicated, (a) all \$ amounts are in U.S. Dollars ("USD"), (b) comparisons are to comparable prior periods, and (c) full year 2010 refers to the 52 weeks ended on December 25, 2010, full year 2009 refers to the 52 weeks ended on December 26, 2009, and full year 2008 refers to the 52 weeks ended on December 28, 2008.

In addition to financial measures presented on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"), we also present pretax and after-tax "underlying income" and "underlying free cash flow", which are non-GAAP measures and should be viewed as supplements to—not substitutes for—our results of operations presented under U.S. GAAP. Our management uses underlying income and free cash flow and underlying free cash flow as measures of operating performance to assist in comparing performance from period to period on a consistent basis; as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; and in communications with the board of directors, stockholders, analysts and investors concerning our financial performance. We believe that underlying income, free cash flow and underlying free cash flow performance are used by and are useful to investors and other users of our financial statements in evaluating our operating performance because they provide an additional tool to evaluate our performance without regard to special and non-core items, which can vary substantially from company to company depending upon accounting methods and book value of assets and capital structure. We have provided reconciliations of all non-GAAP measures to their nearest GAAP measure.

Executive Summary

2010 Key Financial Highlights:

2010 was a year of good progress in building our brands, innovating, reducing costs, strengthening our balance sheet, and generating cash. We introduced new brands and value-enhancing innovations in each of our businesses to drive the top-line, exceeded our cost-reduction targets for the year, and used a portion of our free cash flow to fund our pensions and reduce balance sheet risk. Highlights for 2010 include:

- Based on the strength of our brands, we achieved positive beer pricing in each of our major businesses, and we finished 2010 with encouraging share trends in Canada and the U.K., and with Coors Light, Blue Moon and Miller Lite in the U.S.
- Cost savings initiatives underpinned our financial performance, delivering \$194 million of total reductions in 2010, which includes 42% of MillerCoors savings.

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- Despite challenging economic conditions in all our markets and continued input cost inflation, we grew net sales ahead of cost of goods sold per hectoliter.
- As a result, we increased gross margins and achieved double-digit growth in operating and pretax income.
 - We reported global income from continuing operations, net of tax of \$668.1 million, 8.4% lower than a year ago and underlying after-tax earnings of \$666.9 million for 2010, 5.7% lower than a year ago, due to unusually low effective and underlying effective tax rates of -2% and 1%, respectively in 2009, versus 17% and 16%, respectively, in 2010. As a result, income from continuing operations per diluted share decreased 35 cents to \$3.57 per diluted share and underlying income per diluted share decreased 25 cents to \$3.56 per diluted share. However, 2010 income from continuing operations before income taxes increased 12.8% and underlying pretax income increased 10.6%, both driven by positive pricing and cost reductions.
- We generated cash flow from operating activities and underlying free cash flow of \$749.7 million and \$924.3 million, respectively, representing a 12.7% decrease from \$858.3 million and a 26.8% increase from \$729.0 million in 2009, respectively.
 - One source of cash was proceeds from closing out the majority of our Foster's swap positions, which we had established in 2008. During 2010, we began the process of unwinding these swaps and related financial instruments, which we completed in 2011, yielding total net cash proceeds of approximately \$51 million. Of this, we received \$35 million in 2010 and \$16 million in 2011.
- Regarding our uses of free cash flow, we made additional voluntary contributions to our U.K., Canada and MillerCoors' pension plans in the fourth quarter totaling \$285 million (including 42% of MillerCoors' additional voluntary contribution), settled the highest-risk indemnities related to our former Brazil business, bought the controlling interest in a brewing joint venture in China, and made selective investments in brands, innovation and systems across our company.
- Regionally:
 - In Canada, the biggest brand news was that Coors Light became the best-selling beer in the country. Also, we successfully leveraged our sponsorship of the Vancouver Winter Olympics early in the year, relaunched Molson Canadian, expanded Molson M into the Atlantic region, rolled out Rickard's Dark nationally, and introduced Keystone Light in the Ontario and West regions. In the first half, we completed the Granville Island acquisition, further increasing our presence in the highly profitable above-premium segment. These new brands, combined with the strength of Coors Light and the rejuvenated Molson Canadian brand, helped us grow our national market share nearly 1 percentage point. While Canada earnings before income taxes decreased approximately 2%, Canada underlying pretax income grew nearly 10% as a result of these achievements and favorable foreign exchange in 2010. Additionally, we signed a substantial contract brewing arrangement that will help us leverage our fixed costs beginning in the first half of 2011.
 - In the U.S., MillerCoors exceeded its targets for cost reductions and achieved 2.3% growth in domestic net sales per hectoliter. MillerCoors maintained a strong pace of brand-building and innovation work, including the Miller Lite Vortex Bottle and "Man Up" ad campaign, Coors Light and Miller Lite Home Draft, and the Aluminum Pint bottle, and Blue Moon's artfully crafted messaging on television. As a result, Coors Light and Blue Moon gained share in 2010. Additionally, MillerCoors formed Tenth and Blake Beer Company, a company within a company to drive its craft and specialty beer brands. With these efforts, we led the growth of the U.S. craft beer segment with Blue Moon and significantly

improved our premium light share trends in the second half of the year. Despite a very challenging beer market, the MillerCoors team grew net income attributable to MillerCoors and underlying net income 25.4% and 21.9%, respectively, in 2010. Including equity adjustments, our U.S. segment earnings before income taxes and underlying pretax income grew 19.4% and 18.5%, respectively, for the year. The U.S. business also greatly increased its cash generation in 2010 as it moved past the investments needed to capture synergies.

- In the U.K., we continued to drive our value-over-volume strategy and increased net sales per hectoliter 10% in local currency, the fourth consecutive year of pricing growth for our U.K. business. We also added the Blue Moon and Singha brands and Corona and other Modelo brands to our U.K. portfolio. In addition, we established a long-term contract-brewing arrangement with Carlsberg to brew Tetley ale for the U.K. market beginning in 2011. Earnings before income taxes increased 5% while underlying pretax earnings declined 6.3% in local currency due to higher U.K. pension expense in 2010. If we exclude the increase in pension expense of \$29.2 million, U.K. underlying pretax earnings would have increased more than 20% for 2010, driven by strong pricing and cost reductions.
- Our International team completed the joint venture with Si'hai Brewing Company in China and signed a brewing and distribution agreement with Mahou San Miguel for Carling in Spain. The team also launched Coors Light in Russia and Vietnam. Corona and other Modelo brands will be added to our Japan portfolio commencing in 2011.

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The following table highlights summarized components of our condensed consolidated summary of operations for the fiscal years ended December 25, 2010, December 26, 2009, and December 28, 2008.

	For the Years Ended				
	December 25, 2010	% change	December 26, 2009	% change	December 28, 2008(1)
	(In millions, except percentages and per share data)				
Volume in hectoliters	18,464	(1.7)%	18,779	(46.0)%	34,800
Net sales	\$ 3,254.4	7.3%	\$ 3,032.4	(36.5)%\$	4,774.3
Income attributable to MCBC from continuing operations, net of tax	\$ 668.1	(8.4)%\$	729.4	86.6%	\$ 390.8
Specials and other non-core items					
Special items(2)	21.3	(34.9)%	32.7	(75.6)%	133.9
42% of MillerCoors specials (3)	12.7	(38.9)%	20.8	(52.3)%	43.6
MillerCoors accounting elections(4)	—	(100.0)%	(7.3)	(73.6)%	(27.7)
Gain on sale of non-core real estate(5)	(0.5)	N/M	—	N/M	—
Changes to environmental litigation provisions(6)	(0.2)	(113.3)%	1.5	(65.9)%	4.4
Foster's total return swap(7)	(47.9)	N/M	(0.7)	(115.9)%	4.4
Gain related to sale of Montreal Canadiens(8)	—	(100.0)%	(46.0)	N/M	—
Basis amortization related to the Sparks brand impairment(4)	—	N/M	—	(100.0)%	(27.3)
Debt extinguishment costs(9)	—	N/M	—	(100.0)%	12.4
Other(10)	—	N/M	—	(100.0)%	(1.0)
Tax effect on specials and other non-core items	13.4	(158.3)%	(23.0)	(24.8)%	(30.6)
Non-GAAP: Underlying income attributable to MCBC from continuing operations, net of tax	\$ 666.9	(5.7)%\$	707.4	40.7%	\$ 502.9
Income attributable to MCBC per diluted share from continuing operations	\$ 3.57	(8.9)%\$	3.92	39.5%	\$ 2.81
Non-GAAP: Underlying income attributable to MCBC per diluted share from continuing operations	\$ 3.56	(6.6)%\$	3.81	40.6%	\$ 2.71

N/M = not meaningful

- (1) Volume and net sales for the year ended December 28, 2008, include six months of U.S. segment results. For the years ended December 26, 2009, and December 25, 2010, no U.S. segment results are reported in volume and net sales.
- (2) See Part II—Item 8 Financial Statements and Supplementary Data, Note 8 "Unusual or Infrequent Items" of the Notes to the Consolidated Financial Statements ("Notes") for additional information.
- (3) See "Results of Operations", "United States Segment" under the sub-heading " *Special Items* " in this section for additional information.
- (4) See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes under the sub-headings "Equity Investments" and " *Investment in MillerCoors* " for additional information.

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- (5) During 2010, MCBC sold the Coors family home in Golden, Colorado, to the Adolph Coors Company LLC, a related but unconsolidated company. The selling price was based on a market appraisal by an independent third party.
- (6) See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes under the sub-heading "Environmental" for additional information.
- (7) See Part II—Item 8 Financial Statements and Supplementary Data, Note 6 "Other Income and Expense" of the Notes for additional information.
- (8) See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes under the sub-headings "All Other Equity Investments" and "Montreal Canadiens" for additional information.
- (9) See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes for additional information.
- (10) The \$1 million in 2008 represents the settlement of our claim related to the bankruptcy of our joint venture in Korea, known as Jinro Coors Brewing Co. Ltd. We were partners in the joint venture from 1992-2000. However, it was terminated due to the bankruptcy of our partner, Jinro Ltd.

The following table highlights summarized components of our sales volume for the years ended December 25, 2010, December 26, 2009, and December 28, 2008:

	For the years ended			
	December 25, 2010	% change	December 26, 2009	% change
(In millions, except percentages)				
Volume in hectoliters:				
Financial volume	18.464	(1.7)%	18.779	(46.0)%
Royalty volume	0.347	15.3%	0.301	0.3%
Owned volume	18.811	(1.4)%	19.080	(45.6)%
Proportionate share of equity investment sales- to-retail(1)	29.878	(3.3)%	30.888	88.4%
Total worldwide beer volume	48.689	(2.6)%	49.968	(3.0)%

- (1) Reflects MCBC's proportionate share of equity method investment sales-to-retail for the periods presented, adjusted for comparable trading days.

Worldwide beer volume is composed of our financial volume, royalty volume and proportionate share of equity investment sales-to-retail. Financial volume represents owned beer brands sold to unrelated external customers within our geographical markets. Royalty beer volume consists of product produced and sold by third parties under various license and contract-brewing agreements. Equity investment sales-to-retail brands volume represents the company's ownership percentage share of volume in its subsidiaries accounted for under the equity method, including MillerCoors and Modelo Molson Imports, L.P ("MMI"), our joint venture with Grupo Modelo S.A.B. de C.V. ("Modelo").

Synergies and other cost savings initiatives

We achieved \$66 million of cost savings in 2010 toward our second Resources for Growth, or RFG2, program's three-year goal of \$150 million of annualized cost reductions by 2012.

In addition to our RFG2 savings, MillerCoors delivered \$232 million of incremental cost synergies in 2010, bringing the total synergies realized to \$505 million since beginning operations on July 1, 2008.

MillerCoors also delivered \$74 million of other cost reductions in 2010 against its \$200 million cost savings program to be completed by the end of 2012. Molson Coors benefits from 42% of MillerCoors cost reductions.

Components of our Statement of Operations

Net sales —Our net sales represent the sale of beer and other malt beverages, the vast majority of which are brands that we own and brew ourselves. We import or brew and sell certain non-owned partner brands under licensing and related arrangements. We also sell certain "factored" brands (beverage brands owned by other companies, but sold and distributed by us), to on-premise customers in the United Kingdom.

Cost of goods sold —Our cost of goods sold includes costs we incur to make and ship beer. These costs include brewing materials, such as barley, hops, and various grains. Packaging materials, including glass bottles, aluminum and steel cans, cardboard and paperboard are also included in our cost of goods sold. Additionally, our cost of goods sold include both direct and indirect labor, freight costs, utilities, maintenance costs, depreciation, and other manufacturing overheads, as well as the cost to purchase "factored" brands from suppliers.

Marketing, general and administrative —These costs include media advertising (television, radio, print), tactical advertising (signs, banners, point-of-sale materials) and promotion costs on both local and national levels within our operating segments. These costs also include our marketing and sales organizations, including labor and other overheads. This classification includes general and administrative costs for functions such as finance, legal, human resources and information technology, which consist primarily of labor and outside services. This line item includes amortization costs associated with intangible assets, as well as certain depreciation costs related to non-production equipment.

Special Items —These are infrequent and/or unusual items which affect our statement of operations, and are discussed in each segment's Results of Operations discussion.

Equity income in MillerCoors —This item represents our proportionate share for the period of the net income (loss) of our investment in MillerCoors accounted for under the equity method. Such amount typically reflects adjustments similar to those made in preparing consolidated statements, including adjustments to eliminate intercompany gains and losses, and to amortize, if appropriate, any difference between cost and underlying equity in net assets upon the formation of MillerCoors.

Interest expense, net —Interest costs associated with borrowings to finance our operations are classified here. Interest income in the U.K. segment is associated with trade loans receivable from customers.

Debt extinguishment costs —The costs are associated with payments to settle debt at fair value, given interest rates at the time of extinguishment, incentive payments to debt holders for early tendering of debt, and a write-off of the proportionate amount of unamortized discount and issuance fees associated with extinguished debt.

Other income (expense) —This classification includes primarily gains and losses associated with activities not directly related to brewing and selling beer. For instance, gains or losses on sales of non-operating assets, our share of income or loss associated with our ownership in the Montréal Canadiens hockey club (through sale on October 19, 2009), and certain foreign exchange gains and losses are classified here.

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Discussions of statement of operations line items such as noncontrolling interests and discontinued operations are discussed in detail elsewhere in MD&A and in Part II—Item 8 Financial Statements and Supplementary Data in the Notes.

Depreciation

Depreciation and amortization expense decreased slightly in 2010 versus 2009. Depreciation and amortization expense also decreased in 2009 versus 2008 as a result of 2008 including six months of expense related to the U.S. segment prior to the formation of MillerCoors.

Income Taxes

Our full year effective tax rate was approximately 17% in 2010, -2% in 2009, and 19% in 2008. Our effective tax rates were significantly lower than the federal statutory rate of 35% primarily due to the following: lower effective income tax rates applicable to our Canadian and U.K. businesses. The company's 2009 tax rates were unusually low due to the favorable resolution of unrecognized tax positions during 2009. Our full year underlying effective tax rate was approximately 16% in 2010, 1% in 2009, and 19% in 2008. See table below for adjustments from effective tax rate.

	For the Years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
Effective tax rate	17%	(2)%	19%
Adjustments:			
Foster's total return swap	(1)%	0%	0%
Tax rate changes	0%	3%	0%
Non-GAAP:			
Underlying effective tax rate	16%	1%	19%

Discontinued Operations

In 2006, we sold our equity interest in our Brazilian unit, Cervejarias Kaiser Brasil S.A. ("Kaiser") to FEMSA Cerveza S.A. de C.V. ("FEMSA"). The terms of the sale agreement require us to indemnify FEMSA for exposures related to certain purchased tax credits and civil and labor contingencies arising prior to FEMSA's purchase of Kaiser. See Part II—Item 8 Financial Statements and Supplementary Data, Note 5 "Discontinued Operations" of the Notes for further discussion.

We recognized a gain of \$39.6 million and a loss of \$9.0 million for the years ended 2010 and 2009, respectively. This amount is typically associated with adjustments to the indemnity liabilities due to changes in estimates and foreign exchange losses. However, during the first quarter of 2010, we recognized a gain of \$42.6 million related to our settlement of a portion of our indemnity liabilities to FEMSA.

Results of Operations

Canada Segment

Our Canada segment consists primarily of our beer business in Canada, including the production and sale of the Molson brands, *Coors Light*, and other licensed brands in Canada. The Canada segment also includes MMI, established to import, distribute, and market the Modelo beer brand portfolio across all Canadian provinces and territories. MMI is accounted for under the equity method. In addition, the Canada segment includes our arrangements related to the distribution of beer in Ontario, Brewers' Retail, Inc. ("BRI") and, in Western Canada, Brewers' Distributor Ltd. ("BDL"). BRI was a consolidated joint venture through February 28, 2009. As of March 1, 2009, we deconsolidated BRI,

and prospectively began accounting for BRI results under the equity method as a result of the reduction in our BRI ownership interest. BDL is also accounted for under the equity method.

See "Outlook for 2011" for discussion of forward looking trends regarding the Canada segment.

	Fiscal year ended				
	December 25, 2010	% change	December 26, 2009	% change	December 28, 2008
	(In millions, except percentages)				
Volume in hectoliters(1)	8,922	2.1%	8,741	(9.4)%	9,648
Net sales	\$ 1,938.2	11.9%	\$ 1,732.3	(9.8)%\$	1,920.0
Cost of goods sold	(969.6)	9.2%	(887.7)	(14.3)%	(1,036.4)
Gross profit	968.6	14.7%	844.6	(4.4)%\$	883.6
Marketing, general and administrative expenses	(491.1)	17.2%	(418.9)	(0.6)%	(421.3)
Special items, net	(17.0)	31.8%	(12.9)	18.3%	(10.9)
Operating income	460.5	11.6%	412.8	(8.6)%	451.4
Other income (expense), net	(6.5)	(113.1)%	49.8	N/M	7.0
Earnings before income taxes	\$ 454.0	(1.9)%\$	462.6	0.9% \$	458.4
Adjusting items:					
Special items(2)	17.0	31.8%	12.9	18.3%	10.9
Gain related to sale of Montreal Canadiens(2)	—	(100.0)%	(46.0)	N/M	—
Non-GAAP: Underlying pretax income	\$ 471.0	9.7%	\$ 429.5	(8.5)%\$	469.3

N/M = Not meaningful

(1) Volumes represent net sales of MCBC owned brands and partner brands.

(2) See the sub-headings " *Special Items* " and " *Other income (expense) net* " in this section for additional information.

Foreign currency impact on results

Our Canada segment was favorably impacted by a 9.7% year-over-year increase in the value of the Canadian Dollar ("CAD") against the USD in 2010 versus 2009. This represented an approximate \$33 million and \$35 million increase to USD earnings before income taxes and USD underlying pretax income, respectively. Our Canada segment was unfavorably impacted by a 6.1% year-over-year decrease in the value of the CAD against the USD in 2009 versus 2008. This represented an approximate \$19 million and \$27 million decrease to USD earnings before income taxes and USD underlying pretax income, respectively, for 2009.

Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Translation adjustments resulting from this process are reported as a separate component of other comprehensive income.

Volume and net sales

Net sales increased to \$1,938.2 million for full year 2010, compared to \$1,732.3 for full year 2009. This increase was driven by the net impact of three items: sales volume, net sales per hectoliter and foreign currency.

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For the full year 2010, sales volume in Canada increased by 2.1% to 8.9 million hectoliters versus volume of 8.7 million hectoliters for the full year 2009. This increase was driven by new brand launches of Molson M, Keystone Light, and Molson Canadian 67, as well as the impact from the 2010 Vancouver Winter Olympics.

Our Canada sales to retail ("STRs") for calendar year 2010 increased 1.4% versus 2009. Volume gains from our newly launched brands including Keystone, Molson M and Miller Chill were partially offset by declines in our established brands.

Canada industry volumes declined an estimated 0.9% in calendar year 2010 compared to 2009. As a result, we increased our market share nearly a full point on a full-year basis. This increase was driven primarily by gains in the Quebec and Western regions.

Net sales per hectoliter decreased 0.5% in local currency as favorable net pricing, led by price increases across all major markets, were more than offset by increased discounting activity and price segment shifts.

During the third quarter of 2009, management adjusted internal financial reporting to conform sales reporting for the pre-MillerCoors periods to the post-MillerCoors periods. As a result, Canada segment sales, production costs, and volumes for the years ended December 28, 2008, and December 30, 2007, are higher than reported in the prior year due to the inclusion of \$55.6 million and 0.784 million hectoliters of intersegment/intercompany sales and volumes for 2008 and \$91.9 million and 1.438 million hectoliters for 2007, which were eliminated upon consolidation.

Net sales decreased to \$1,732.3 million for full year 2009, compared to \$1,920.0 for full year 2008. This decrease was driven by the net impact of three items: sales volume, net sales per hectoliter and foreign currency.

For the full year 2009, sales volume in Canada decreased by 9.4% to 8.7 million hectoliters versus prior year volume of 9.6 million hectoliters for the full year 2008. This decline is driven by the internal financial reporting adjustments noted above which increased prior year volumes by 0.784 million hectoliters. Excluding this adjustment, sales volume declined 1.4%.

Our Canada STRs for 2009 decreased 1.9% versus the prior calendar year. Mid-single-digit growth of *Coors Light* was more than offset by declines in the Molson trademark brands and our non-strategic brands.

Canada industry volumes declined an estimated 0.4% in 2009 compared to the prior calendar year. As a result, we experienced an estimated two-thirds of a market share point decrease on a full-year basis. This decrease was driven primarily by the Western region.

Excluding the impact of the internal financial reporting changes discussed above, net sales per hectoliter increased 1.8% in local currency in 2009, driven by favorable net pricing, led by price increases across all major markets, partially offset by increased discounting activity.

Cost of goods sold and gross profit

Full year 2010 cost of goods sold per hectoliter decreased 3.1% in local currency versus 2009, due largely to our RFG2 cost savings initiatives.

Excluding the impact of the internal financial reporting changes discussed above, cost of goods sold per hectoliter in 2009 was unchanged in local currency versus 2008. Commodity, packaging material and other input costs including increased pension costs drove a 1% increase and an increase of about 1.5% was due to the ongoing shift in sales mix. These increases were offset by a 2.5% decrease from our Resources for Growth cost savings initiatives.

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Marketing, general and administrative expenses

For the full year 2010, marketing, general and administrative expenses increased 6.4% in local currency, driven by increased sales support costs.

For the full year 2009, marketing, general and administrative expenses increased 7.0% in local currency. Excluding the effects of deconsolidating BRI in March 2009 of \$18.2 million, marketing, general and administrative expenses increased 2.9% in local currency, driven by increases in brand investment.

Special items, net

In 2010, we recognized \$12.8 million of expense related to a capital asset write-off and associated costs for the abandonment of sales support software, which had been under development, as a result of a change in strategic direction relative to its use. Additionally, the Canada segment recognized expense of \$4.2 million related to special termination benefits related to the Ontario-Atlantic Hourly Defined Benefit pension plan and restructuring costs associated with employee terminations at the Edmonton and Montréal breweries.

In 2009, we recognized a \$5.3 million pension curtailment loss and \$3.0 million of restructuring costs associated with employee terminations at the Montréal brewery driven by MillerCoors' decision to shift Blue Moon production to its facilities in the U.S. Additionally, the segment incurred \$4.6 million of Edmonton brewery site preparation and impairment closure costs during the year.

The Canada segment recognized \$10.9 million of special items expense during 2008. The special items represent costs associated with the ongoing Edmonton brewery closing expenses, restructuring activities, and an asset impairment. See Part II—Item 8 Financial Statements and Supplementary Data, Note 8 "Unusual or Infrequent Items" of the Notes for further discussion.

Other income (expense), net

Other income in 2010 was \$56.3 million lower than the prior year primarily due to a \$46.0 million gain in 2009 on the sale of the Montréal Canadiens. Other income in 2009 was \$42.8 million higher than the prior year primarily due to the 2009 gain on the sale of the Montréal Canadiens. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes for further discussion.

United States Segment

During the first half of 2008, the United States ("U.S.") segment involved the production, marketing and sale of the MCBC portfolio of leading beer brands in the United States and Puerto Rico. Financial results during this period included Rocky Mountain Metal Corporation and Rocky Mountain Bottle Corporation, which were consolidated joint ventures. As of July 1, 2008, MillerCoors began operations. The results and financial position of our U.S. segment operations were prospectively deconsolidated upon contribution to the joint venture, and our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting. See Part II—Item 8 Financial Statements and Supplementary Data, Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" of the notes regarding the MillerCoors joint venture.

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See "Outlook for 2011" for discussion of forward looking trends regarding the U.S. segment.

	Fiscal year ended				
	December 25, 2010	% change	December 26, 2009	% change	December 28, 2008
	(In millions, except percentages)				
Volume in hectoliters(1)	—	N/M	—	(100.0)%	14,894
Net sales	\$ —	N/M	\$ —	(100.0)%	\$ 1,504.8
Cost of goods sold	—	N/M	—	(100.0)%	(915.1)
Gross profit	—	N/M	—	(100.0)%	\$ 589.7
Marketing, general and administrative expenses	—	N/M	—	(100.0)%	(413.3)
Special items, net	—	N/M	—	(100.0)%	(69.3)
Equity income in MillerCoors	456.1	19.4%	382.0	145.5%	155.6
Operating income	456.1	19.4%	382.0	45.4%	262.7
Other income (expense), net	—	N/M	—	(100.0)%	2.3
Earnings before income taxes	\$ 456.1	19.4%	\$ 382.0	44.2%	\$ 265.0
Adjusting items:					
42% of MillerCoors special items(2)	12.7	(38.9)%	20.8	(52.3)%	43.6
U.S. Segment special items (2)	—	N/M	—	(100.0)%	69.3
MillerCoors accounting elections(3)	—	(100.0)%	(7.3)	(73.6)%	(27.7)
Basis amortization related to the Sparks brand impairment(3)	—	N/M	—	(100.0)%	(27.3)
Non-GAAP: Underlying pretax income	\$ 468.8	18.5%	\$ 395.5	22.5%	\$ 322.9

N/M = Not meaningful

- (1) Volumes represent net sales of MCBC owned brands and partner brands.
- (2) See the sub-heading "*Special Items*" in this section for additional information.
- (3) See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes under the sub-headings "Equity Investments" and "Investment in MillerCoors" for additional information.

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The results of operations for MillerCoors for the years ended December 31, 2010, and December 31, 2009, and pro forma results for the year ended December 31, 2008, are presented below. Pro forma results for 2008 are comprised of pro forma amounts for the six months ended June 30, 2008, and actual amounts for the six months ended December 31, 2008.

	For the year ended				
	Actual		Actual		Pro Forma
	December 31, 2010	% change	December 31, 2009	% change	December 31, 2008
(In millions, except percentages)					
Volumes in hectoliters	78,823	(2.8)%	81,085	(2.2)%	82,880
Sales	\$ 8,817.7	(0.4)%	\$ 8,851.6	1.2%	\$ 8,746.2
Excise taxes	(1,247.1)	(2.4)%	(1,277.3)	(1.8)%	(1,300.4)
Net sales	7,570.6	(0.0)%	7,574.3	1.7%	7,445.8
Cost of goods sold	(4,686.3)	(0.7)%	(4,720.9)	2.6%	(4,602.8)
Gross profit	2,884.3	1.1%	2,853.4	0.4%	2,843.0
Marketing, general and administrative expenses	(1,775.1)	(8.4)%	(1,937.9)	(6.8)%	(2,079.5)
Special items, net	(30.3)	(38.7)%	(49.4)	(77.5)%	(219.9)
Operating income	1,078.9	24.6%	866.1	59.3%	543.6
Other income (expense), net	2.4	166.7%	0.9	(88.3)%	7.7
Income from continuing operations before income taxes and noncontrolling interests	1,081.3	24.7%	867.0	57.3%	551.3
Income tax expense	(7.6)	(9.5)%	(8.4)	154.5%	(3.3)
Income from continuing operations	1,073.7	25.1%	858.6	56.7%	548.0
Less: Net income attributable to noncontrolling interests	(16.7)	5.7%	(15.8)	9.7%	(14.4)
Net income attributable to MillerCoors	\$ 1,057.0	25.4%	\$ 842.8	57.9%	\$ 533.6
Adjusting items:					
Special items(1)	30.3	(38.7)%	49.4	(77.5)%	219.9
Non-GAAP: Underlying net income attributable to MillerCoors	\$ 1,087.3	21.9%	\$ 892.2	18.4%	\$ 753.5

N/M = not meaningful

(1) See the sub-heading " *Special Items* " in this section for additional information.

This pro forma combined financial information has been derived from the historical financial results of the respective U.S. businesses of MCBC and SABMiller, giving effect to the MillerCoors transaction and other related adjustments, described below. These pro forma results are not necessarily indicative of the results of operations that would have been achieved had the MillerCoors transaction taken place at the beginning of the pro forma period, and do not purport to be indicative of future operating results.

MILLERCOORS, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
For the Twelve Months Ended December 31, 2008

	Pro Forma For the Six Months Ended June 30, 2008				Actual MillerCoors Six months ended December 31, 2008	Pro Forma MillerCoors Twelve months ended December 31, 2008
	MCBC's U.S. Business Contributed to MillerCoors	Miller's U.S. Business Contributed to MillerCoors	Pro Forma Adjustments	MillerCoors Pro Forma Results		
	(In millions)					
Net sales	\$ 1,491.8	\$ 2,257.8	\$ 6.8C	\$ 3,756.4	\$ 3,689.4	\$ 7,445.8
Cost of goods sold	(907.3)	(1,387.4)	16.3C			
			1.6D	(2,276.8)	(2,326.0)	(4,602.8)
Gross profit	584.5	870.4	24.7	1,479.6	1,363.4	2,843.0
Marketing, general and administrative	(412.2)	(582.3)	(0.6C) (29.8A) (15.5D)	(1,047.1)	(1,032.4)	(2,079.5)
Special items	(69.3)	(46.8)	(6.7B —	(116.1)	(103.8)	(219.9)
Operating income	103.0	241.3	(27.9)	316.4	227.2	543.6
Interest, net	—	1.4	—	1.4	—	1.4
Other, net	2.3	23.5	(22.4C)	3.4	2.9	6.3
Pretax income	105.3	266.2	(50.3)	321.2	230.1	551.3
Income tax expense	—	—	—	—	(3.3)	(3.3)
Net income	105.3	266.2	(50.3)	321.2	226.8	548.0
Less: Net income attributable to noncontrolling interests	(9.6)	(0.4)	—	(10.0)	(4.4)	(14.4)
Net income attributable to MillerCoors	\$ 95.7	\$ 265.8	\$ (50.3)	\$ 311.2	\$ 222.4	\$ 533.6

Description of Pro Forma Adjustments

- A** With the formation of MillerCoors in the third quarter of 2008, amortization was initiated on certain intangible assets contributed by Miller that had formerly been classified as indefinite-lived. Since this decision was due in large part to the combined brand portfolio at MillerCoors following its formation, a comparable amortization amount was included in the pro forma period.
- B** Adjustment to reflect mark-to-market accounting for share-based compensation held by MillerCoors employees.
- C** Adjustments to conform classification between the MCBC U.S. business and the Miller U.S. business and to conform the MCBC U.S. business accounting calendar from a thirteen week to a three calendar months ended June 30, 2008, and from a twenty-six week to a six calendar months ended June 30, 2008.
- D** Adjustments to conform accounting policies with regard to inventory valuation, pension and postretirement plans and allocation of advertising costs between interim periods.

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The following represents MCBC's proportional share of MillerCoors net income reported under the equity method (in millions):

	For the year ended December 25, 2010	For the year ended December 26, 2009	For the six months ended December 28, 2008
Net income attributable to MillerCoors	\$ 1,057.0	\$ 842.8	\$ 222.4
MCBC economic interest	42%	42%	42%
MCBC proportionate share of MillerCoors net income	443.9	354.0	93.4
MillerCoors accounting policy elections(1)(2)	—	7.3	27.7
Amortization of the difference between MCBC contributed cost basis and proportional share of the underlying equity in net assets of MillerCoors(1)(3)	6.9	11.7	36.7
Share-based compensation adjustment (1)	5.3	9.0	(2.2)
Equity Income in MillerCoors	<u>\$ 456.1</u>	<u>\$ 382.0</u>	<u>\$ 155.6</u>
Adjusting items:			
MCBC proportionate share of MillerCoors special items	12.7	20.8	92.4
Non-GAAP Equity Income in MillerCoors	<u>\$ 468.8</u>	<u>\$ 402.8</u>	<u>\$ 248.0</u>

- (1) See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes, for a detailed discussion of these equity method adjustments.
- (2) We reported income of \$7.3 million in the first quarter of 2009 related to MillerCoors' accounting policy elections. We did not report any further adjustments in 2009 or 2010.
- (3) Basis amortization for the six months ended December 28, 2008, included \$27.3 million related to MillerCoors' impairment of the *Sparks* brand intangible asset. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes for further discussion.

The discussions below highlight the MillerCoors results of operations for the year ended December 31, 2010, versus the year ended December 31, 2009, and for the year ended December 31, 2009, versus the pro forma results for the same period in 2008.

Volume and net sales

Net sales decreased to \$7,570.6 million for full year 2010, compared to \$7,574.3 million for full year 2009. This decrease was driven by the net impact of sales volume and net sales per hectoliter.

Total reported volume declined 2.8% for the year ended December 31, 2010, versus the year ended December 31, 2009. Contract brewing volume declined 0.7% during the period, while sales volume to wholesalers declined 3.0% due largely to lower retail sales. Domestic STRs decreased 3.2% during the period. STR performance reflects growth in two of MillerCoors' six focus brands (*Blue Moon* achieved double-digit growth, while *Keystone* brands achieved single-digit growth), which was more than offset by reductions in *MGD 64*, *Miller High Life*, *Miller Lite* and losses in non-focus brands (*Miller Genuine Draft*, *Miller Chill*, *Sparks* and *Milwaukee's Best*). *Coors Light* STRs were virtually unchanged for 2010 compared to 2009.

Total net sales per hectoliter increased 2.8% in 2010 due to higher domestic net pricing and favorable sales mix.

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Net sales increased to \$7,574.3 million for full year 2009, compared to \$7,445.8 million for full year 2008. This increase was driven by the net impact of sales volume and net sales per hectoliter.

Total reported volume declined 2.2% for the full year 2009, versus the year ended December 31, 2008. Contract brewing volume declined 6.3% during the period, while sales volume to wholesalers declined 1.7% due to lower retail sales. Domestic STRs decreased 1.7% during the period. STR performance reflects strong growth in four of MillerCoors' six focus brands (*Miller High Life* and *Blue Moon* achieving single-digit growth, with double-digit growth by *MGD64* and *Keystone Light*), which was more than offset by reductions in *Miller Lite* and non-focus brands (*Miller Genuine Draft*, *Miller Chill*, *Sparks* and *Milwaukee's Best*). *Coors Light* STRs were virtually unchanged for 2009 compared to 2008.

Total net sales per hectoliter increased 4.0% for the full year 2009 compared to the full year 2008 due to higher domestic net pricing.

Cost of goods sold

Cost of goods sold increased to \$59.45 per hectoliter for the year ended December 31, 2010, versus \$58.22 per hectoliter for the year ended December 31, 2009. The net increase in cost of goods sold was driven by an increase in packaging costs, higher fuel prices and carrier rates, and increased production of the aluminum pint, home draft, and *Blue Moon* products. Additional increases were due to higher fixed costs per hectoliter because of lower production volumes and due to the acquisition of Western Beverage, a distribution company acquired by Coors Distributing Company, a wholly-owned subsidiary of MillerCoors. These are partially offset by savings from synergies and other cost-reduction initiatives and lower brewing materials costs.

Cost of goods sold increased to \$58.22 per hectoliter for the year ended December 31, 2009, versus \$55.54 per hectoliter for the year ended December 31, 2008. The net increase in cost of goods sold was driven by an increase in commodity and packaging costs, and the non-recurrence in 2009 of sales of hops made to third parties during 2008, partly offset by savings from synergies and other cost-reduction initiatives.

Marketing, general and administrative expenses

Marketing, general and administrative expenses decreased by \$162.8 million, or 8.4%, in 2010 versus 2009. Reductions in marketing were largely realized due to the delivery of synergy savings and other cost reductions. General and administrative reductions are largely due to synergy and cost savings, as well as lower benefit costs and share-based compensation.

Marketing, general and administrative expenses decreased by \$141.6 million, or 6.8%, in 2009 versus 2008. Reductions in marketing were largely realized due to the delivery of synergy savings and other cost reductions. General and administrative reductions are largely due to salary and benefit reductions across MillerCoors, partially offset by systems project expenses and fixed-asset write-offs and impairments.

Special Items

During 2010, MillerCoors reported special charges totaling \$30.3 million, driven largely by pension and postretirement benefit curtailment expenses, as well as integration costs including severance and relocation costs resulting from the sales office reorganization.

MillerCoors recognized \$49.4 million of special charges in 2009 compared to \$219.9 million of net special charges in 2008. In 2009, the special charges were for integration-related expenses for the MillerCoors joint venture, and pension curtailment. Integration charges in 2009 include costs for relocation, severance and sales office closures. In 2008, the special charges were for integration related expenses for the MillerCoors joint venture, the impairment of the *Sparks* brand, and the impairment of

Molson brands sold in the U.S. The Sparks brand impairments and Molson brand impairments totaled \$65.1 million and \$50.6 million, respectively. Integration charges in 2008 include costs for severance, retention, relocation, sales office closures and consulting costs.

United Kingdom Segment

The United Kingdom ("U.K.") segment produces and sells our owned brands principally in England and Wales. Results of the segment also include our licensing arrangements in the Republic of Ireland; our consolidated joint venture arrangement to produce, import and distribute the Grolsch brands in the U.K. and the Republic of Ireland; our consolidated joint venture agreement to produce and distribute the Cobra beer brands in the U.K.; factored brand sales in the U.K.; and our joint venture arrangement with DHL ("Tradeteam") for the distribution of products throughout Great Britain accounted for under the equity method.

See "Outlook for 2011" for discussion of forward looking trends regarding the U.K. segment.

	Fiscal year ended				
	December 25, 2010	% change	December 26, 2009	% change	December 28, 2008
	(In millions, except percentages)				
Volume in hectoliters(1)	8.870	(6.7)%	9.510	(10.3)%	10.607
Net sales	\$ 1,234.9	0.7%	\$ 1,226.2	(8.6)%\$	1,342.2
Cost of goods sold	(792.6)	(0.4)%	(795.9)	(12.2)%	(906.9)
Gross profit	442.3	2.8%	430.3	(1.1)%	435.3
Marketing, general and administrative expenses	(349.2)	7.7%	(324.2)	(10.2)%	(360.9)
Special items, net	(3.1)	(83.6)%	(18.9)	N/M	4.5
Operating income	90.0	3.2%	87.2	10.5%	78.9
Interest income(2)	6.7	(19.3)%	8.3	(22.4)%	10.7
Other income (expense), net	(1.4)	(70.2)%	(4.7)	11.9%	(4.2)
Earnings before income taxes	\$ 95.3	5.0%	\$ 90.8	6.3%	\$ 85.4
Adjusting items:					
Special items(3)	3.1	(83.6)%	18.9	N/M	(4.5)
Non-GAAP: Underlying pretax income	\$ 98.4	(10.3)%\$	109.7	35.6%	\$ 80.9

N/M = Not meaningful

- (1) Volumes represent net sales of owned brands, joint venture brands and exclude factored brand net sales volumes.
- (2) Interest income is earned on trade loans to U.K. on-premise customers and is typically driven by note receivable balances outstanding from period-to-period.
- (3) See the sub-heading " *Special Items* " in this section for additional information.

Foreign currency impact on results

Our U.K. segment results were negatively affected by a 2% and a 14% year-over-year decrease in the value of the British Pound Sterling ("GBP") against the USD in 2010 and 2009, respectively. This represented an approximate \$5 million decrease to both USD earnings before income taxes and USD underlying pretax income for 2010. For 2009, this represented an approximate \$14 million and

\$15 million decrease to USD earnings before income taxes and USD underlying pretax income, respectively.

Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Translation adjustments resulting from this process are reported as a separate component of other comprehensive income.

Volume and net sales

Net sales increased to \$1,234.9 million for full year 2010, compared to \$1,226.2 for full year 2009. This increase was driven by the net impact of three items: sales volume, net sales per hectoliter and foreign currency.

Our U.K. segment owned-brand volumes decreased 7% in 2010 versus 2009, predominantly reflecting declining industry volume in the U.K.

Our U.K. segment net sales per hectoliter in local currency increased by 10% in 2010, driven by higher owned-brand pricing and positive sales mix.

Net sales decreased to \$1,226.2 million for full year 2009, compared to \$1,342.2 for full year 2008. This decrease was driven by the net impact of three items: sales volume, net sales per hectoliter and foreign currency.

Our U.K. segment owned-brand volumes decreased 10% in 2009 versus 2008, reflecting declining industry volume in the U.K. and our strategy to forgo low-margin volume.

Our U.K. segment net sales per hectoliter in local currency increased by 20% in 2009, with approximately one-third of this change related to non-owned factored brands and our contract brewing arrangements. U.K. owned-brand net sales per hectoliter in local currency increased by 18% in the year, due mainly to improved pricing, along with favorable brand mix.

Cost of goods sold

Cost of goods sold per hectoliter in local currency increased by 9% in 2010, driven by higher pension expense, the impact of channel and brand mix, and the effect of spreading fixed costs over lower owned-brand sales volume.

Cost of goods sold per hectoliter in local currency increased by 15% in 2009, with approximately 9 percentage points of this change related to factored brand sales, and contract brewing sales. U.K. segment owned brands cost of goods sold per hectoliter increased by about 10% in local currency, predominantly driven by input cost inflation and fixed-cost deleverage over lower sales volume.

Marketing, general and administrative expenses

Marketing, general and administrative expenses in local currency increased by 9% in 2010 compared to 2009, with 5% due to higher pension expense this year. The balance was mainly due to higher marketing spending, information systems investments, and the cost of adding the Cobra sales force late in the second quarter 2009.

Marketing, general and administrative expenses in local currency increased by 7% in 2009 compared to 2008, predominantly due to higher incentive compensation and sales-related costs in our new Cobra business.

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Special items, net

During 2010, the U.K. segment recognized \$2.6 million of employee termination costs related to restructuring activity resulting from on-going company-wide efforts to increase efficiency throughout the segment.

During 2009, the U.K. segment recognized \$2.5 million of costs associated with the Cobra Beer Partnership, Ltd. acquisition and recognized employee severance costs of \$3.2 million related to individuals not retained subsequent to the acquisition. Additionally, the U.K. segment recognized \$2.8 million of employee termination costs related to supply chain restructuring activity and company-wide efforts to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions. During 2009, the U.K. segment also established a non-income-related tax reserve.

In 2008, special items were predominately employee termination costs associated with the U.K. supply chain and back-office restructuring efforts more than offset by a one-time gain on the sale of non-core business assets of \$2.7 million and a one-time pension gain of \$10.4 million due to the cessation of employee service credit to its defined benefit pension plan. See Part II—Item 8 Financial Statements and Supplementary Data, Note 8 "Unusual or Infrequent Items" of the Notes for further discussion.

Other (expense) income, net

We incurred net other expense of \$1.4 million, \$4.7 million and \$4.2 million in 2010, 2009 and 2008, respectively. The 2010 items include \$1.0 million of leasehold costs and \$0.3 million of foreign currency loss. The 2009 items include \$3.6 million of leasehold costs and \$1.2 million of foreign currency loss. The 2008 items include \$2.4 million of leasehold costs, \$1.5 million of foreign currency loss and \$0.3 million of other losses.

Interest income

Interest income is earned on trade loans to U.K. on-premise customers. Interest income in local currency declined 19% in 2010 due to a reduction in trade loan balances. Interest income declined 8% in 2009 due to a reduction in trade loan balances.

MCI and Corporate

MCI is focused on growing and expanding our business and brand portfolios in our non-core and developing markets. Our current businesses in Asia, continental Europe, Mexico and Latin America (excluding Puerto Rico) are included in MCI and combined with our corporate business activities for reporting purposes. Corporate also includes corporate interest and certain other general and administrative costs that are not allocated to any of the operating segments. The majority of these

corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, accounting, treasury, insurance and risk management.

	Fiscal year ended				
	December 25, 2010	% change	December 26, 2009	% change	December 28, 2008
	(In millions, except percentages)				
Volume in hectoliters(1)	0.672	27.3%	0.528	21.4%	0.435
Net sales	\$ 81.3	10.0%	\$ 73.9	17.5%	\$ 62.9
Cost of goods sold	(50.0)	15.5%	(43.3)	13.9%	(38.0)
Gross profit	31.3	2.3%	30.6	22.9%	24.9
Marketing, general and administrative expenses	(172.2)	9.2%	(157.7)	14.5%	(137.7)
Special items, net	(1.2)	33.3%	(0.9)	(98.5)%	(58.2)
Operating loss	(142.1)	11.0%	(128.0)	(25.1)%	(171.0)
Interest expense, net	(106.1)	12.6%	(94.2)	(16.3)%	(112.5)
Debt extinguishment costs	—	N/M	—	(100.0)%	(12.4)
Other income (expense), net	51.8	N/M	4.3	131.9%	(13.5)
Loss before income taxes	\$ (196.4)	(9.9)%\$	(217.9)	(29.6)%\$	(309.4)
Adjusting items:					
Special items(2)	1.2	33.3%	0.9	(98.5)%	58.2
Sale of property(3)	(0.5)	N/M	—	N/M	—
Environmental litigation provisions(4)	(0.2)	(113.3)%	1.5	(65.9)%	4.4
Foster's total return swap(2)	(47.9)	N/M	(0.7)	(115.9)%	4.4
Other(5)	—	N/M	—	(100.0)%	(1.0)
Debt extinguishment costs	—	N/M	—	(100.0)%	12.4
Non-GAAP: Underlying pretax loss	\$ (243.8)	12.8%	\$ (216.2)	(6.4)%\$	(231.0)

N/M = Not meaningful

- (1) Volumes represent net sales of owned brands, joint venture brands and exclude factored brand net sales volumes.
- (2) See the sub-headings " *Special Items* " and " *Other income (expense) net* " in this section for additional information.
- (3) During 2010, MCBC sold the Coors family home in Golden, Colorado to the Adolph Coors Company LLC. The selling price was based on a market appraisal by an independent third party.
- (4) See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes under the sub-heading "Environmental" for additional information.
- (5) The \$1 million in 2008 represents the settlement of our claim related to the bankruptcy of our joint venture in Korea, known as Jinro Coors Brewing Co. Ltd. We were partners in the joint venture from 1992-2000. However, it was terminated due to the bankruptcy of our partner, Jinro Ltd.

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Volume, net sales and cost of goods sold

Volume, net sales and cost of goods sold primarily reflect our operations in Asia, continental Europe, Mexico and Latin America and represent our initiatives to grow and expand our business and brand portfolios in our non-core and developing markets. The volume growth in 2010 was driven primarily by sales in China (including adding the MC-Si'hai brands), Latin America and Continental Europe.

Marketing, general and administrative expenses

Marketing, general and administrative expenses in 2010 were \$172.2 million, an increase of \$14.5 million from 2009. This increase was driven by costs to implement the RFG2 initiatives and investments in our priority International markets.

Marketing, general and administrative expenses in 2009 were \$157.7 million, an increase of \$20.0 million from 2008. This increase was largely attributable to 2009 incentive compensation expenses.

Special items, net

Special items for 2010 and 2009 were net charges of \$1.2 million and \$0.9 million, respectively. These special items related to costs associated with strategic initiatives.

We recognized \$58.2 million of special charges in 2008, which includes \$28.8 million of deal costs and integration planning costs associated with the formation of MillerCoors, \$22.8 million of transition costs paid to our third-party vendor associated with the start-up of our outsourced administrative functions, and \$6.6 million associated with other strategic initiatives. See Part II—Item 8 Financial Statements and Supplementary Data, Note 8 "Unusual or Infrequent Items" of the Notes for further discussion.

Interest expense, net

Corporate net interest expense was \$106.1 million and \$94.2 million for 2010 and 2009, respectively, a year-over-year increase of \$11.9 million. These increases were driven primarily by the strengthening of the CAD versus the USD.

Net interest expense totaled \$94.2 million in 2009, a decrease of \$18.3 million compared to 2008. The decrease was related to the weakening of CAD versus USD and the deconsolidation of BRI offset by lower interest income. In 2008, net interest expense totaled \$112.5 million, which included a \$12.4 million charge related to debt extinguishment costs. See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes for further discussion.

During the first quarter of 2009, we adopted a new accounting pronouncement related to accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). The adoption, which requires retroactive application, impacted the historical accounting for the 2.5% Convertible Senior Notes due July 30, 2013. For the years ended December 25, 2010, December 26, 2009, and December 28, 2008, the additional non-cash interest expense was \$16.9 million, \$16.4 million and \$15.8 million, respectively. See Part II—Item 8 Financial Statements and Supplementary Data, Note 2 "New Accounting Pronouncements" of the Notes for further discussion.

Other income (expense), net

Corporate other income was \$51.6 million for 2010. This primarily consisted of \$47.9 million of income associated with the Foster's total return swaps and related instruments.

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We initially transacted these swaps in the third quarter of 2008 with a total notional amount of Australian dollars ("AUD") \$496.5 million, which equated to approximately 90.1 million shares of Foster's stock at a weighted average of AUD 5.51 per share. During the third quarter of 2010, we accelerated the maturity dates of our total return swaps related to Foster's stock, and the majority of these swaps were settled prior to year end—with the remaining swaps settling by the end of January 2011. As of December 25, 2010, we had settled total return swaps equating to 82.5 million shares, or approximately 92%. These settlements reduced the notional amount of the total return swaps to AUD 42.1 million as of year-end. The full year income associated with these swaps was \$28.3 million, of which approximately \$5.4 million was unrealized as of year-end.

Simultaneously with our decision to exit our total return swaps, we entered into a series of option contracts that allowed us to effectively fix a range of settlement values for the total return swap positions as of the end of the third quarter of 2010. These option contracts were a combination of put and call options for which no premiums were paid or received. As of December 25, 2010, we had settled the option contracts related to the settled swaps. These settlements reduced the notional amount of the option contracts to 7.6 million Foster's shares as of year-end. The full year income associated with these option contracts was \$21.7 million, of which approximately \$12.4 million was unrealized as of year-end.

Simultaneously with entering into these new option contracts, we also amended our total return swap agreements with our counterparty to change the maturity dates to match the settlement dates of the option contracts. Given that these forecasted swap and option settlements were AUD-based, we also executed a series of foreign exchange AUD forward contracts to hedge our foreign currency risk associated with the forecasted AUD cash flows from the settlements of the total return swaps and option contracts. As of December 25, 2010, we had settled the AUD forward contracts related to the above settled positions. The full year loss associated with these AUD forward contracts was \$2.1 million, of which approximately \$0.8 million was unrealized as of year-end.

As of December 25, 2010, we had cash settled approximately \$35 million related to these positions. Subsequent to year-end we settled out of the remaining positions and received an additional approximate \$16 million, for total cash proceeds received of approximately \$51 million.

Other income (expense), net in 2009 increased to \$4.3 million of income from \$13.5 million of expense in 2008 due to foreign currency exchange gains in 2009.

Liquidity and Capital Resources

Our primary sources of liquidity include cash provided by operating activities, access to external borrowings and monetizations of assets. We believe that cash flows from operations, including distributions from MillerCoors, and cash provided by short-term and long-term borrowings, when necessary, will be more than adequate to meet our ongoing operating requirements, scheduled principal and interest payments on debt, and anticipated dividend payments and capital expenditures for at least the next twelve months.

A significant portion of our cash flows from operating activities is generated outside the U.S., in currencies other than USD. As of December 25, 2010, approximately 30% of our cash and cash equivalents are denominated in foreign currencies. Most of the amounts held outside of the U.S. could be repatriated to the U.S., but, under current law, would be subject to U.S. federal and state income taxes, less applicable foreign tax credits. We have accrued for U.S. federal and state tax liabilities on the earnings of our foreign subsidiaries, except when the earnings are considered indefinitely reinvested outside of the U.S. Repatriation could result in additional U.S. federal and state income tax payments in future years. We utilize a variety of financing strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed.

Net Working Capital

As of December 25, 2010, and December 26, 2009, we had debt-free net working capital of \$888.1 million and \$427.3 million, respectively, excluding short-term borrowings and current portion of long-term debt. We have historically operated at minimal positive working capital levels or working capital deficits given the relatively quick turnover of our receivables and inventory, the levels of which fluctuate with the seasonality in our business. However, our current working capital level is bolstered by a high level of cash generated from revenue growth and substantial cost savings. Our working capital is also sensitive to foreign exchange rates, as substantially all current assets (with the exception of cash) and the great majority of current liabilities are denominated in either CAD or GBP, while financial position is reported in USD.

The following table summarizes our current and historical debt-free net working capital levels (in millions):

	As of	
	December 25, 2010	December 26, 2009
Current assets(1)	\$ 2,220.9	\$ 1,707.9
Less: Current liabilities	(1,333.9)	(1,580.9)
Add back: Current portion of long-term debt and short-term borrowings	1.1	300.3
Debt-free net working capital	<u>\$ 888.1</u>	<u>\$ 427.3</u>

(1) The current assets as of December 26, 2009, were previously reported as \$1,762.8 million. This presentation reflects the reclassification of \$54.9 million of returnable containers from inventories to properties. See Part II—Item 8 Financial Statements and Supplementary Data, Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" to the Consolidated Financial Statements for additional information.

Cash Flows

Our business usually generates positive operating cash flow each year, and our debt maturities are generally of a long-term nature. However, our liquidity could be impacted significantly by other risk factors described in Part I, "ITEM 1A. RISK FACTORS" presented herein.

Cash Flows from Operating activities

Net cash provided by operating activities of \$749.7 million for the full year 2010, was lower by \$108.6 million from the full year 2009. Drivers of this change include:

- Cash contributions to pension plans were greater by \$224.6 million versus 2009. In 2010, we made additional voluntary contributions of \$195.5 million and \$47.5 million to our U.K. and Canada pension plans, respectively.
- Net current and long-term deferred tax liabilities increased by \$40.9 million in 2010 versus 2009. Additionally, we paid approximately \$38.4 million in income taxes in 2010, which represents a decrease of \$12.5 million versus the prior year.

Net cash provided by operating activities of \$858.3 million for the full year 2009, was higher by \$427.7 million from the full year 2008. Drivers of this change include:

- Cash contributions to pension plans were lower by \$168.8 million versus 2008. In 2008, we made an additional contribution of \$100 million into our U.K. pension plan to reduce our

underfunded pension obligation, reducing our 2009 pension contributions by \$20.8 million. In addition, contributions into our Canada pension plans were \$47.2 million lower in 2009 compared to prior year.

- Operating Cash Flow attributable to the U.S. business was \$401.1 million, an increase of \$144.2 million from the prior year due primarily to cash collateral posted on derivatives in 2008, our 42% portion of which was \$71.4 million, in addition to increased integration and synergy spending and pension funding during the last six months of 2008. U.S. operations contributed \$120.4 million of 2008 operating cash flow prior to their consolidation into MillerCoors. Additionally, MillerCoors distributions increased by \$264.6 million due to full-year operations as well as increased synergies when compared to the distributions received for the six months in 2008.
- In 2009, we paid approximately \$50.9 million in income taxes, resulting in a decrease of \$20.6 million paid for taxes versus 2008.

Cash Flows from Investing activities

Net cash used in investing activities of \$267.4 million for the full year 2010, was higher by \$39.2 million compared to the full year 2009, primarily due to \$96 million paid in 2010 to settle indemnities related to our discontinued operations, higher additions to properties and intangibles of \$19.1 million and \$15.5 million lower trade loan repayments from customers, partially offset by a \$55.4 million decrease in our net cash investment in MillerCoors, and \$35.1 million of proceeds from settlements of derivative instruments.

Net cash used in investing activities of \$228.2 million for the full year 2009, was lower by \$60.4 million compared to the full year 2008, primarily due to lower additions to properties in 2009. Higher additions in 2008 were attributable primarily to the U.S. business prior to its consolidation into MillerCoors. In 2009, we invested \$42.2 million on business acquisitions with no comparable activities in 2008. We also deconsolidated our ownership interest in the Ontario beer stores, resulting in a decrease to cash of \$26.1 million. Our net cash investment in MillerCoors increased investing cash by \$18.0 million as we received additional returns on our investment. The 2009 activities also include the receipt of \$53.3 million relating to the sale of our 19.9% common ownership interest in the Montréal Canadiens professional hockey club, an increase of \$26.3 million as compared to cash received from the sale of other assets during 2008.

Cash Flows from Financing activities

Our debt position significantly affects our financing activity. See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "DEBT" to the Notes for a summary of our debt position at December 25, 2010 and December 26, 2009.

Net cash used in financing activities totaled \$7.6 million for full year 2010, compared to net cash used of \$117.2 million for full year 2009, a decrease of \$109.6 million. Included in net cash used in financing activities was \$488.4 million of proceeds from issuance of long-term debt offset by \$300.0 million of payments on long-term debt. Additionally, we paid \$42.0 million on settlements of debt-related derivatives and cash paid for dividends increased \$31.5 million due to a \$0.04 per share dividend increase.

Net cash used in financing activities totaled \$117.2 million in 2009, compared to net cash used of \$266.9 million during 2008, a decrease of \$149.7 million. Included in net cash used in financing activities is a lower source of cash from the exercise of stock options of \$15.9 million and a higher use of cash of \$31.3 million due to a \$0.04 per share dividend increase to external shareholders compared to the prior year. Net repayments of borrowings decreased by \$154.3 million in 2009 compared to the

prior year due to the early retirement of notes during 2008. Book overdrafts decreased by \$23.8 million when compared to the prior year.

Underlying Free Cash Flow

For 2010, we generated \$924.3 million of underlying free cash flow. This represents a substantial improvement from underlying free cash flow of \$729.0 million a year ago, driven primarily by higher operating income, improved working capital, some non-recurring cash flow sources, and lower net investment of cash in MillerCoors. With regard to our use of underlying free cash flow, we made additional voluntary contributions to our defined benefit pension plans totaling \$285 million, settled a portion of our Kaiser indemnities, settled debt-related derivatives and bought a controlling interest in MC Si'hai. In addition, we announced our third consecutive annual dividend increase in the second quarter—a 16.7% increase to an annual equivalent dividend rate of \$1.12 per share.

The following table provides a reconciliation of Underlying Free Cash Flow to nearest U.S. GAAP measure (Net Cash Provided by Operating Activities).

	For the Years Ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
U.S. GAAP: Net Cash Provided by Operating Activities(1)	\$ 749.7	\$ 858.3	\$ 430.6
Less: Additions to properties(1)(2)	(177.9)	(158.8)	(249.6)
Less: Investment in MillerCoors(2)	(1,071.2)	(514.5)	—
Add: Return of capital from MillerCoors(2)	1,060.3	448.2	—
Add: Proceeds from sale of assets and businesses(2)	5.2	58.0	38.8
Add: Proceeds from settlements of derivative instruments(2)	35.1	—	—
Add: Additional voluntary pension contributions(3)	285.0	—	100.0
(Less)/Add: (Reduction)/Increase of MillerCoors derivatives collateral requirements(4)	(6.7)	(54.9)	71.0
Add: MillerCoors capital expenditures to attain synergies(4)	8.0	64.8	144.0
Add: MillerCoors special cash expenses to attain synergies(4)	11.0	27.9	—
Add: MillerCoors purchase of Western Beverage(4)	25.8	—	—
Add: Cash paid for debt extinguishment	—	—	22.0
Non-GAAP: Underlying Free Cash Flow (adjusted for special cash sources/uses at MillerCoors)	\$ 924.3	\$ 729.0	\$ 556.8

- (1) Amounts presented in historical financial statements have been retrospectively adjusted to conform to current year presentation of returnable containers in Canada, resulting in an increase of \$34.1 million to both "Net Cash Provided by Operating Activities" and "Additions to properties". See Part II—Item 8 Financial Statements and Supplementary Data, Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" of the Notes for further detail.
- (2) Included in "Net Cash Used in Investing Activities".
- (3) Additional voluntary cash contributions of \$195.5 million, \$47.5 million and \$42.0 million made to U.K., Canada and U.S. (MillerCoors at 42%) pension plans, respectively.

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- (4) Amounts represent MCBC's proportionate 42% share of the cash flow impacts, as determined by management. These items adjust operating cash flow to arrive at our underlying free cash flow for full year 2010 and the comparable prior-year periods.
- (5) Included in "Net Cash Provided by Operating Activities".

Capital Resources

Cash and Cash Equivalents

As of December 25, 2010, we had total cash and cash equivalents of \$1,217.6 million, compared to \$734.2 million at December 26, 2009. Our cash and cash equivalents are invested in a variety of highly liquid investments with original maturities of 90 days or less. These investments are viewed by management as low-risk investments and to which there are little to no restrictions on our ability to access the underlying cash to fund our operations as necessary. Long-term debt was \$1,959.6 million and \$1,412.7 million at December 25, 2010, and December 26, 2009, respectively.

Borrowings

See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes for a complete discussion and presentation of all borrowings and available sources of borrowing, including lines of credit. As discussed in the Financing Activities section above, during the second quarter of 2007, we issued \$575.0 million of senior convertible notes, with a coupon rate of interest of 2.5%. In the third quarter of 2007, we used the proceeds of the convertible notes issuance, combined with other sources of cash, to retire \$625.0 million of 6.375% senior notes due 2012 and fund additional related charges as noted above. In February 2008, we announced a tender for and repurchase of any and all principal amount of our remaining 6.375% Senior Notes due 2012. The amount actually repurchased was \$180.4 million. The net costs of \$12.4 million related to this extinguishment of debt and termination of related interest rate swaps was recorded in the first quarter of 2008. The debt extinguishment was funded by existing cash resources.

The majority of our remaining debt outstanding as of December 25, 2010, consists of publicly traded notes, with maturities ranging from 2012 to 2017. During the third quarter of 2010, we repaid our \$300.0 million 4.85% notes that were due September 2010 and settled all related derivatives, including our cross currency swap which effectively swapped our USD borrowing to CAD 355.5 million, as well as our forward starting interest rate swap. During the fourth quarter of 2010, our wholly owned subsidiary, Molson Coors International LP, completed a 7-year CAD 500.0 million 3.95% fixed rate Series A Notes private placement in Canada. The Series A Notes will mature on October 6, 2017. The notes are guaranteed by MCBC and certain of our United States and Canadian subsidiaries and rank equally with our other outstanding notes and our credit facility.

We expect to take a balanced approach to our use of cash in 2011 and beyond, which could include pension plan funding, preserving cash flexibility for potential strategic investments, and other general corporate uses and maintaining liquidity. Any purchases of our stock on the open market would require a board-approved plan, which does not currently exist.

Credit markets in the United States and across the globe have improved significantly since the financial crisis of late 2008 and the market is strong for corporate borrowing. Based on communications with the lenders that are party to our \$750.0 million committed credit facility, we are confident in our ability to draw on such credit facility if the need arose. We currently have no borrowings outstanding on this facility. This back up line of credit expires on August 31, 2011. We anticipate that a new credit facility will be established prior to the expiration of our current facility. In addition, we have uncommitted lines of credit with several banks should certain business units need additional liquidity.

Credit Rating

Our long-term credit issuer ratings are Baa2 (positive outlook) from Moody's, BBBHigh (stable outlook) from DBRS (Canadian rating agency), and BBB- (stable outlook) from Standard and Poor's. Our BBB- rating from Standard & Poors is one notch above "below investment grade." Any future downgrade to "below investment grade" would increase borrowing costs under our revolving line of credit (under which there were no borrowings as of December 25, 2010, or December 26, 2009).

MillerCoors Distributions

MillerCoors distributes its excess cash to its owners, SABMiller and MCBC, on a 58%/42% basis, respectively. MillerCoors does not carry significant debt obligations, and there are no restrictions from external sources on its ability to make cash distributions to its owners.

Foreign Exchange

Foreign exchange risk is inherent in our operations primarily due to the significant operating results that are denominated in currencies other than USD, predominantly CAD and GBP. Our approach is to reduce the volatility of cash flows and reported earnings which result from currency fluctuations rather than business related factors. Therefore, we closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to foreign currency fluctuations. Our financial risk management policy is intended to offset a portion of the potentially unfavorable impact of exchange rate changes on net income and earnings per share. See Part II—Item 8 Financial Statements and Supplementary Data, Note 18 "Derivative Instruments and Hedging Activities" of the Notes for additional information on our financial risk management strategies.

Capital Expenditures

In 2010, we spent \$177.9 million on capital improvement projects worldwide. Of this, approximately 55% was in support of the Canada segment, with the remainder split between the U.K. (39%) and MCI and Corporate (6%). The capital expenditure plan for 2011 is expected to be approximately \$230 million, excluding MillerCoors.

Contractual Obligations and Commercial Commitments

Contractual Cash Obligations as of December 25, 2010

	Payments due by period				
	Total	Less than 1 year	1 - 3 years (In millions)	3 - 5 years	More than 5 years
Total debt, including current maturities(1)	\$ 2,009.2	\$ 1.1	\$ 619.6	\$ 892.6	\$ 495.9
Interest payments(2)	385.6	\$ 81.4	\$ 152.5	\$ 117.3	\$ 34.4
Derivative payments(2)	166.5	\$ 114.2	\$ 52.3	\$ —	\$ —
Retirement plan expenditures(3)	165.0	\$ 85.0	\$ 15.8	\$ 17.0	\$ 47.2
Operating leases	108.5	\$ 28.1	\$ 36.6	\$ 17.3	\$ 26.5
Capital leases	—	\$ —	\$ —	\$ —	\$ —
Other long-term obligations(4)	1,904.4	\$ 721.8	\$ 434.9	\$ 400.6	\$ 347.1
Total obligations	<u>\$ 4,739.2</u>	<u>\$ 1,031.6</u>	<u>\$ 1,311.7</u>	<u>\$ 1,444.8</u>	<u>\$ 951.1</u>

(1) Refer to debt schedule in Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes.

(2) The "interest payments" line includes interest on our notes and other borrowings outstanding at December 25, 2010, excluding the cash flow impacts of any interest rate or cross currency swaps. Current floating interest rates and currency exchange rates are assumed to be constant throughout the periods presented. The "derivative payments" line includes the floating rate payment obligations, which are paid to counterparties under our interest rate and cross currency swap agreements, GBP 530 million (\$818.5 million at December 25, 2010, exchange rate) payment due to the cross currency swap counterparty in 2012 and CAD 1,201 million (\$1,191.1 million at December 25, 2010, exchange rates) payment due to the cross currency swap counterparty in 2012. Current floating interest rates and currency exchange rates are assumed to be constant throughout the periods presented. We anticipate receiving a total of \$147.4 million in fixed and floating rate payments from our counterparties under the swap arrangements, which offset the payments included in the table. As interest rates increase, payments to or receipts from our counterparties will also increase.

Net interest payments, including swap receipts and payments by period					
Total	Less than 1 year	1 - 3 years (In millions)	3 - 5 years	More than 5 years	
\$404.7	\$ 94.5	\$ 158.5	\$ 117.3	\$ 34.4	

(3) Represents expected contributions under our defined benefit pension plans in the next twelve months and our benefits payments under retiree medical plans for all periods presented.

(4) Approximately \$127.0 million of the total other long-term obligations relate to long-term supply contracts with third parties to purchase raw material and energy used in production. Approximately \$988.4 million relates to commitments associated with Tradeteam in the United Kingdom. The remaining amounts relate to sales and marketing, information technology services, open purchase orders and other commitments.

Not included in these contractual cash obligations are \$80.8 million of unrecognized tax benefits and \$24.2 million of indemnities provided to FEMSA for which we are unable to make estimates for timing of any related cash payments.

We have guaranteed our respective share of the indebtedness of BRI related to its CAD 200 million debt due June 30, 2011. As a result of our commitment to proportionately fund BRI's debt

obligation, if the debt is not refinanced in 2011 we will be obligated to fund the necessary cash requirements to BRI to enable BRI to repay its debts. This would be based on our respective share, which at December 25, 2010 was approximately 50%, and would require a significant cash outflow in 2011. Accrued expenses and other liabilities in the accompanying Consolidated Balance Sheets include \$94.2 million related to such guarantee.

Other Commercial Commitments as of December 25, 2010

	Amount of commitment expiration per period				
	Total amounts committed	Less than 1 year	1 - 3 years (In millions)	3 - 5 years	More than 5 years
Standby letters of credit	\$ 17.7	\$ 17.7	\$ —	\$ —	\$ —

Advertising and Promotions

As of December 25, 2010, our aggregate commitments for advertising and promotions, including sports sponsorship, total approximately \$284.0 million. Our advertising and promotions commitments are included in other long-term obligations in the contractual cash obligations table above.

Pension Plans

Our consolidated, unfunded pension position at the end of 2010 was \$250.2 million, a decrease of \$375.9 million from the end of 2009. Our unfunded position in the U.K. decreased from \$507.8 million at the end of the 2009 to \$179.8 million at the end of 2010 due to: \$198.9 million (inclusive of the additional voluntary contribution of \$195.5 million) in contributions, \$140.2 million in asset returns, \$94.2 million in lower accumulated actuarial losses and \$13.9 million as a result of foreign exchange translation (GBP weakened versus the USD during 2010). This improvement in the U.K. was partially offset by \$116.1 million of interest costs and plan expenses of \$3.1 million. Our net unfunded position in Canada decreased from \$110.9 million to \$62.6 million at the end of 2010 due to \$85.5 million (inclusive of the additional voluntary contribution of \$47.5 million) in employer contributions and \$110.7 million in asset returns. This improvement in Canada was partially offset by \$71.7 million in interest costs, \$15.6 million in service costs, \$54.4 million in actuarial losses due to lower discount rates increasing the benefit obligation, and a \$4.4 million increase to the net liability as a result of foreign exchange translation (CAD strengthened versus the USD during 2010). See Part II—Item 8 Financial Statements and Supplementary Data, Note 16 "Employee Retirement Plans" of the Notes for more detail on the funded status of these plans.

We fund pension plans to meet the requirements set forth in applicable employee benefits laws. Sometimes we voluntarily increase funding levels to meet financial goals. Pension contributions on a consolidated basis (excluding MillerCoors) were \$284.4 million in 2010. Excluding MillerCoors, we expect to make pension contributions of \$11 million to \$81 million in 2011, depending on the final resolution of potential discretionary contributions. As a result of a \$195.5 million contribution to the U.K. pension plan in late 2010, none are required until 2013. Our U.K. pension plan is subject to a statutory valuation for funding purposes every three years, with the next valuation being as of June 30, 2013. The 2010 statutory valuation resulted in a long-term funding commitment plan along with an MCBC guarantee of GBP 25 million annual contributions in 2013 through 2015. We have taken numerous steps in recent years to reduce our exposure to these long-term obligations, including the closure of the U.K. pension plan to future earning of service credit in early 2009 and benefit modifications in several of our Canada plans. However, given the net liability of these plans and their dependence upon the global financial markets for their financial health, the plans will continue to require potentially significant amounts of cash funding.

MillerCoors contributed \$220.5 million (our 42% of which is \$92.6 million) to its defined benefit pension plans in 2010. For 2011, MillerCoors' contributions to its defined benefit pension plans are

expected to be approximately \$75 million to \$100 million (our 42% of which is \$32 million to \$42 million), which are not included in our contractual cash obligations.

Postretirement Benefit Plans

Our consolidated, unfunded postretirement benefit position at the end of 2010 was approximately \$143.8 million, a decrease of \$15.9 million from the end of 2009. The decrease included an actuarial gain of \$27.7 million, offset by interest costs of \$9.4 million and an increase to the liability as a result of foreign exchange translation of \$6.0 million. Benefits paid under our postretirement benefit plans were approximately \$6.1 million in 2010 and \$5.3 million in 2009. Under our postretirement benefit plans, we expect payments of approximately \$7.3 million in 2011. See Part II—Item 8 Financial Statements and Supplementary Data, Note 17 "Postretirement Benefits" of the Notes for more detail on these plans.

Contingencies

We enter into contractual arrangements under which we may agree to indemnify third parties from any losses or guarantees incurred relating to pre-existing conditions arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes for a discussion of our indemnity and environmental obligations.

We provide indemnities to FEMSA regarding certain tax, civil and labor claims, including cases related to purchased tax credits. See Part II—Item 8 Financial Statements and Supplementary Data, Note 20, under the caption "Commitments and Contingencies—Indemnity Obligations—Sale of Kaiser," of the Notes, for a detailed discussion.

Off-Balance Sheet Arrangements

As of December 25, 2010, we did not have any material off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K).

Outlook for 2011

In 2011, we will continue to focus on building brands, reducing costs, and generating cash.

In Canada, we increased our market share almost a full percentage point in 2010 as our new brands benefited from strong consumer demand. For 2011, we will continue to launch innovative, value-added offerings to strengthen our portfolio. For example, in January 2011 we expanded Molson Canadian 67 to Quebec, and in February, we began to roll out Molson M to Ontario and the western provinces.

In the U.S., we will continue to focus on greater efficiencies and to stay committed to investing in our brands. We will drive growth by investing in premium lights, crafts and imports, single-serves, cross-merchandising, and delivering flawless execution. We'll focus on re-energizing consumers around MGD 64 with the summer introduction of MGD 64 Lemonade. Through Tenth and Blake Beer Company, our craft and import business, we will continue to drive craft and import growth and accelerate Blue Moon with additional marketing activity and a focus on our Blue Moon Seasonals. We will also continue to nurture and expand our new brands like Batch 19 and Colorado Native, and we are excited about our second year in the market with Leinie's Summer Shandy. In Premium Lights, Coors Light will deliver its "cold refreshment" positioning in new and exciting formats such as with its sponsorship of Mexico's First Division Soccer League. Miller Lite will continue to engage consumers with its "focus on taste" positioning and successful "Man Up" campaign, along with a summer push with Latino consumers around the Gold Cup tournament and the sponsorship of the Chivas Mexican Team.

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In the U.K., we continue to make substantial progress in improving underlying profitability through our value-ahead-of-volume strategy. During the fourth quarter of 2010, we improved our market share trends while achieving strong pricing growth. We also gained some key account listings in the on-premise channel and signed an agreement to distribute Corona and other Modelo brands. The most recent brand development is our acquisition of the award-winning Sharp's Brewery Ltd. for approximately \$30 million in February including Doom Bar cask ale, one of the U.K.'s fastest growing beer brands. Cask beers are similar to craft beers in North America. Along with our brand-building and innovation work on our current portfolio, we expect the addition of the Modelo and Sharp's brands to help drive improved market share trends in the years ahead.

Regarding costs, we continue to seek cost reductions in each of our businesses. Globally, we expect fuel, commodities and other input costs to increase more in 2011 than in 2010.

- In Canada, we expect our full-year 2011 cost of goods sold per hectoliter to increase at a mid-single-digit rate in local currency, driven by the addition of our contract brewing arrangement with North American Breweries. Note that this contract brewing arrangement will also increase local currency net sales per hectoliter beginning in 2011. Excluding the cost of contract brewing, we anticipate that owned-brand cost of goods per hectoliter will be largely unchanged from 2010 in local currency.
- In the U.K., we expect 2011 all-in cost of goods per hectoliter to increase at a low-single-digit rate in local currency. Excluding the impact of factored brands and contract production of other brewers' products, which are not included in our beer volumes, we expect our 2011 owned-brand cost of goods per hectoliter to increase at a low-double-digit rate in local currency. This increase is driven by product mix related to adding the Modelo brands, which increase both Net Sales and Cost of Goods per hectoliter and are treated by us as owned brands. Other drivers include input cost inflation, offset by cost savings and lower pension costs.
- We forecast full-year 2011 MCI and Corporate marketing, general and administrative expense of approximately \$200 million, plus or minus 5%, versus \$172.2 million for 2010. This \$28 million increase from last year is driven by higher brand investments in MCI and the addition of 100% of our MC-Si'hai expenses.

With regard to foreign currency impacts, if the CAD and GBP remain consistent relative to the USD, we may face substantial currency translation impacts throughout 2011 when compared with the 2010 actual results for those periods.

- At 2010 year-end rates, CAD translation would positively impact our Canada pretax earnings by approximately 2% to 3% over prior-year pretax earnings in each of the first three quarters of 2011, with approximately 1% appreciation in the fourth quarter. We anticipate our debt structure and currency hedging programs would offset about 50% to 60% of this foreign currency translation impact in 2011.
- At 2010 year-end rates, GBP translation would positively impact our U.K. pretax earnings by about 3% in the second quarter of 2011, with approximately 2% depreciation in the fourth quarter. There would be minimal impact on our first and third quarter pretax earnings. We have no significant currency hedges focused on GBP exposures.

Interest

We anticipate 2011 Corporate net interest expense of approximately \$120 million, at December 25, 2010, foreign exchange rates, excluding U.K. trade loan interest income.

Tax

Our tax rate is volatile and may move up or down with changes in, among other things, the amount and source of income or loss, our ability to utilize foreign tax credits, changes in tax laws, and

the movement of liabilities established pursuant accounting guidance for uncertain tax positions as statute of limitations expire or positions are otherwise effectively settled. We anticipate that our 2011 effective tax rate on income will be in the range of 17% to 21%. We continue to expect our normalized long-term tax rate to be in the range of 22% to 26% after 2011. In addition, there are other pending law changes in the U.S., U.K., and Canada that if enacted, could have an impact on our effective tax rate.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. We review our accounting policies on an on-going basis. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances. By their nature, estimates are subject to uncertainty. Actual results may differ materially from these estimates under different assumptions or conditions. We have identified the accounting estimates below as critical to our financial condition and results of operations.

Pension and Postretirement Benefits

We have defined benefit plans that cover the majority of our employees in Canada and the United Kingdom. We also have postretirement welfare plans in Canada and the United States that provide medical benefits for retirees and eligible dependents and life insurance for certain retirees. The accounting for these plans is subject to guidance regarding employers' accounting for pensions and employers' accounting for postretirement benefits other than pensions. This guidance requires that management make certain assumptions regarding the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, salary increases, inflation, health care cost trend rates and other assumptions. We believe that the accounting estimates related to our pension and postretirement plans are critical accounting estimates because they are highly susceptible to change from period to period based on market conditions.

At the end of each fiscal year, we perform an analysis of high quality corporate bonds and compare the results to appropriate indices and industry trends to support the discount rates used in determining our pension liabilities in Canada. We reference a published bond index rate whose duration reflects our obligations in determining our discount rate with respect to U.K. pension liabilities. Discount rates and expected rates of return on plan assets are selected at the end of a given

fiscal year and impact expense in the subsequent year. A 50 basis point change in certain assumptions made at the beginning of 2010 would have had the following effects on 2010 pension expense:

Description of pension sensitivity item	Impact to 2010 pension costs -50 basis points (unfavorable) favorable		
	Reduction	Increase	(In millions)
Expected return on Canada salary plan assets, 4.25%	\$ (1.6)	\$ 1.6	
Expected return on Canada hourly plan assets, 6.50%	\$ (4.3)	\$ 4.3	
Expected return on Canada nonqualified plan assets, 2.35%	\$ (0.4)	\$ 0.4	
Expected return on U.K. plan assets, 6.65%	\$ (8.6)	\$ 8.6	
Discount rate on Canada salary pension expense, 5.55%	\$ 0.4	\$ (0.2)	
Discount rate on Canada hourly pension expense, 5.85%	\$ (6.2)	\$ 1.3	
Discount rate on Canada nonqualified pension expense, 5.55%	\$ —	\$ (0.1)	
Discount rate on U.S. nonqualified pension expense, 4.75%	\$ —	\$ —	
Discount rate on U.K. pension expense, 5.70%	\$ (4.4)	\$ 4.7	

Certain components of pension and postretirement benefits expense are impacted by methodologies that normalize, or "smooth," changes to the funded status of the liabilities with respect to their recognition in the income statement. We employ two primary methodologies in this respect: the "market-related value" approach for asset valuation and the "corridor approach" for amortizing actuarial gains and losses.

Our expected return on assets percentage factor is not applied to the actual market value of assets as of the end of the preceding year in determining that component of pension expense; rather it is applied to the "market-related value," which employs an asset smoothing approach to the asset pools. While employer contributions and realized gains and losses (such as dividends received or gains and losses on sales of assets) are reflected immediately in the "market-related value" of assets, each year's unrealized gains and losses are amortized into the "market-related value" over five years. Therefore, only 20% of the significant unrealized losses in asset values experienced in the later part of 2008 and gains during 2009 and 2010 will enter into "market-related value" asset pools upon which 2011 expected return on plan assets (a component of pension expense) will be calculated. However, those losses continue to be amortized into the "market-related value" pools of assets through 2013, 2014 and 2015, respectively. Therefore, future years' pension expense will continue to be impacted by the gains and losses experienced in prior years.

Our pension and postretirement plans expense is also influenced by the amortization (or non-amortization) of gains and losses. Gains and losses occur when actual experience differs from estimates and assumptions with regard to asset returns, discount rates and other estimates related to plan participants, such as turnover, mortality and rate of salary increases.

Such gains and losses impact the funded status of our plans when they are measured, with an offset in other comprehensive income, thereby deferring their recognition in the income statement. We employ a "corridor" approach for determining the potential amortization of these gains and losses as a component of pension and postretirement plans' expense. To the extent gains and losses are greater than a set threshold or "outside the corridor," the difference is amortized over the remaining working life of the plan's participants. If a plan has been closed, such as our U.K. Plan as of April 1, 2009, the remaining life of all plan participants (including retirees) is used for the amortization period. The corridor is defined as the greater of 10% of a plan's projected benefit obligation or 10% of a plan's assets.

The "market-related value" approach for asset impacts the amortization of gains and losses because any one year's plan assets' gains or losses are amortized over a five year period (20% per year) when determining the gains and losses to be compared to the 10% corridor. Similar to the impact on

expected return on plan assets discussed above, this may result in significant movements in pension expense for several years following a significant loss or gain, such as the loss we experienced in 2008 due to the global financial crisis and subsequent rebound in 2009.

Due to decreases in discount rates and increases in inflation assumptions, deferred losses in our U.K. plan exceeded 10% of its projected benefit obligation, triggering amortization of a portion of such losses in 2010. We continue to exceed the 10% corridor in several of our Canadian plans.

For MillerCoors, see Part II—Item 8 Financial Statements and Supplementary Data, Note 16 "Employee Retirement Plans" and Note 17 "Postretirement Benefits" to the Consolidated Financial Statements, for further information about the financial status of these plans.

Assumed health care cost rate trends have a significant effect on the amounts reported for the retiree health care plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1% point increase (unfavorable)	1% point decrease favorable
	(In millions)	
Canada plans (Molson)		
Effect on total of service and interest cost components	\$ (1.4)	\$ 1.2
Effect on postretirement benefit obligation	\$ (14.1)	\$ 12.8
U.S. plan		
Effect on total of service and interest cost components	\$ —	\$ —
Effect on postretirement benefit obligation	\$ (0.3)	\$ 0.2

Equity assets are diversified between domestic and other international investments. Relative allocations reflect the demographics of the respective plan participants. The following compares target asset allocation percentages with actual asset allocations at December 25, 2010:

	Canada plans assets		U.K. plan assets	
	Target allocations	Actual allocations	Target allocations	Actual allocations
Equities	34.0%	33.1%	30.0%	32.7%
Fixed income	66.0%	66.3%	40.0%	35.3%
Hedge funds	0.0%	0.0%	15.0%	15.8%
Real estate	0.0%	0.0%	7.0%	4.0%
Other	0.0%	0.6%	8.0%	12.2%

Contingencies, Environmental and Litigation Reserves

We estimate the range of liability related to environmental matters or other legal actions where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. As additional information becomes available, we assess the potential liability related to any pending matter and revise our estimates. Costs that extend the life, increase the capacity or improve the safety or efficiency of company-owned assets or are incurred to mitigate or prevent future environmental contamination may be capitalized. Other environmental costs are expensed when incurred. We also expense legal costs as incurred. See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes for a discussion of our contingencies, environmental and litigation reserves at December 25, 2010.

Historically, we defined the valuation of most of our recorded liabilities for Kaiser indemnity obligations using multiple probability-weighted scenarios. During 2009, FEMSA participated, with our consent, in a Brazilian tax amnesty program that substantially reduced penalties, interest, and attorney's fees owed by FEMSA to the government. As a result, a larger portion of our estimated liabilities associated with purchased tax credit cases were considered probable losses under the indemnities, and were reclassified as current liabilities in 2009 to reflect our estimates of the timing of potential resolution. During the first quarter of 2010, we reached a settlement agreement with FEMSA related to this portion of our indemnity. Our indemnity continues to cover other remaining, purchased tax credits and also covers fees and expenses that Kaiser incurs to manage the cases through the administrative and judicial systems. Any costs associated with these items would be recognized in Discontinued Operations.

For the remaining portion of our indemnity obligations, not deemed probable, we continue to utilize probability-weighted scenarios in determining the value of the indemnity obligations.

See Part II—Item 8 Financial Statements and Supplementary Data, Note 20 "Commitments and Contingencies" of the Notes for further discussion.

Goodwill and Other Intangible Asset Valuation

We evaluate the carrying value of our goodwill and indefinite-lived intangible assets for impairment annually, and we evaluate our other intangible assets for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. We completed the evaluations of goodwill and indefinite-lived intangible assets during the third quarter of 2010. With regard to goodwill, the fair values of our reporting units exceeded their carrying values, allowing us to conclude that no impairments of goodwill have occurred. With regard to our indefinite-lived intangible assets, the most significant of which are Molson core brands in Canada, the *Carling* brand in the U.K., and *Coors Light* distribution rights in Canada, the fair values of the assets also exceeded their carrying values. Significant judgments and assumptions were required in the evaluation of goodwill and indefinite-lived intangible assets for impairment. See Part II—Item 8 Financial Statements and Supplementary Data, Note 12 "Goodwill and Intangible Assets" of the Notes for further discussion and presentation of these amounts.

We use a combination of discounted cash flow analyses and evaluations of values derived from market comparable transactions and earnings multiples of comparable public companies to determine the fair value of reporting units. Our cash flow projections are based on various long-range financial and operational plans of the Company. In 2010, the discount rate used for fair value estimates for reporting units was 9.5% for both Canada and the U.K. This rate is based on weighted average cost of capital, driven by, among other factors, the prevailing interest rates in geographies where these businesses operate, as well as the credit ratings and financing abilities and opportunities of each reporting unit. We use an excess earnings approach to determine the fair values of our indefinite-lived intangible assets. Discount rates used for testing of indefinite-lived intangibles ranged from 9.5% to 15%. These rates largely reflect the rates for the overall reporting unit valuations, with some level of premium associated with the specificity of the intangibles themselves. Our reporting units operate in relatively mature beer markets, where we are reliant on a major brand for a high percentage of sales. Changes in the factors used in the estimates, including declines in industry or company-specific beer volume sales, margin erosion, termination of brewing and/or distribution agreements with other brewers, and discount rates used, could have a significant impact on the fair values of the reporting units and, consequently, may result in goodwill or indefinite-lived intangible asset impairment charges in the future.

Derivatives and Other Financial Instruments

The following tables present a roll forward of the fair values of debt and derivative contracts outstanding as well as their maturity dates and how those fair values were obtained (in millions):

Fair value of contracts outstanding at December 28, 2008	\$ (1,958.6)
Contracts realized or otherwise settled during the period	(157.8)
Fair value of new contracts entered into during the period	(9.1)
Other changes in fair value	<u>(206.0)</u>
Fair value of contracts outstanding at December 26, 2009	\$ (2,331.5)
Contracts realized or otherwise settled during the period	318.6
Fair value of new contracts entered into during the period	(489.0)
Other changes in fair value	<u>(62.1)</u>
Fair value of contracts outstanding at December 25, 2010	\$ (2,564.0)

Source of fair value	Fair value of contracts at December 25, 2010				
	Maturities less than 1 year	Maturities 1 - 3 years	Maturities 4 - 5 years	Maturities in excess of 5 years	Total fair value
Prices actively quoted	\$ —	\$ (695.1)	\$ (955.7)	\$ —	\$ (1,650.8)
Prices provided by other external sources	(25.9)	(404.6)	—	(486.8)	(917.3)
Prices based on models and other valuation methods	4.1	—	—	—	4.1
	<u>\$ (21.8)</u>	<u>\$ (1,099.7)</u>	<u>\$ (955.7)</u>	<u>\$ (486.8)</u>	<u>\$ (2,564.0)</u>

We use derivatives as part of our normal business operations to manage our exposure to fluctuations in interest, foreign currency exchange, commodity, production and packaging material costs and for other strategic purposes related to our core business. We record our derivatives on the Consolidated Balance Sheet as assets or liabilities at fair value. Such accounting is complex, as are the significant judgments and estimates involved in the estimation of fair value in the absence of quoted market values. These estimates are based upon valuation methodologies deemed appropriate in the circumstances; however, the use of different assumptions could have a material effect on the estimated fair value amounts. See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "DEBT" and Note 18 "Derivative Instruments and Hedging Activities" of the Notes for additional information.

Our market-sensitive derivative and other financial instruments, as defined by the Securities and Exchange Commission ("SEC"), are debt, foreign currency forward contracts, commodity swaps, interest rate swaps, cross currency swaps, option contracts and total return equity swaps. We monitor foreign exchange risk, interest rate risk, commodity risk, equity price risk and related derivatives using sensitivity analysis.

We have performed a sensitivity analysis to estimate our exposure to market risk of interest rates, foreign exchange rates, commodity prices and equity prices. The sensitivity analysis reflects the impact of a hypothetical 10% adverse change in the applicable market. The volatility of the applicable rates

and prices are dependent on many factors that cannot be forecast with reliable accuracy. Therefore, actual changes in fair values could differ significantly from the results presented in the table below.

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Estimated fair value volatility		
Foreign currency risk:		
Forwards	\$ (2.3)	\$ (4.2)
Interest rate risk:		
Forward interest rate swaps	\$ —	\$ (4.6)
Debt	\$ (229.0)	\$ (120.4)
Commodity price risk:		
Swaps	\$ (2.4)	\$ (0.7)
Cross currency risk:		
Swaps	\$ (4.5)	\$ (1.3)
Equity price risk:		
Cash settled total return swap	\$ (4.1)	\$ (48.3)
Option contracts	\$ (1.5)	\$ —

Income Tax Assumptions

We account for income taxes in accordance with authoritative guidance. Judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our global business, there are many transactions for which the ultimate tax outcome is uncertain. Additionally, our income tax provision is based on calculations and assumptions that are subject to examination by many different tax authorities. We adjust our income tax provision in the period it is probable that actual results will differ from our estimates. Tax law and rate changes are reflected in the income tax provision in the period in which such changes are enacted.

We have elected to treat our portion of all foreign subsidiary earnings through December 25, 2010 as permanently reinvested under the accounting guidance and accordingly, have not provided for any U.S. federal or state tax thereon. As of December 25, 2010, approximately \$965 million of retained earnings attributable to foreign subsidiaries was considered to be indefinitely invested. Our intention is to reinvest the earnings permanently or to repatriate the earnings when it is tax effective to do so. It is not practicable to determine the amount of incremental taxes that might arise were these earnings to be remitted. However, we believe that U.S. foreign tax credits would largely eliminate any U.S. taxes and offset any foreign withholding taxes due upon remittance.

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we consider future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax asset would increase income in the period a determination was made. Likewise, should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

New Accounting Pronouncements Not Yet Adopted

In December 2010, the Financial Accounting Standards Board ("FASB") issued authoritative guidance related to the evaluation of Step 1 of the goodwill impairment test for reporting units with

zero or negative carrying amounts, which requires an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. Upon adoption of the guidance, an entity with reporting units that have carrying amounts that are zero or negative is required to assess whether it is more likely than not that the reporting units' goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting units. The guidance is effective for our first quarter ending March 26, 2011. We are currently evaluating the impact that this guidance may have on the determination or reporting of our financial results.

Related Party Transactions

Transactions with Management and Others

We employed members of the Coors and Molson families, who collectively owned approximately 92% of the class A shares and class A exchangeable shares of the Company as of December 25, 2010. Hiring and placement decisions are made based upon merit, and compensation packages offered are commensurate with policies in place for all employees of the Company.

As of December 25, 2010, the Molson Foundation and other entities controlled by the Molson family collectively owned approximately 46.5% of our Class A common and Class A exchangeable stock, and approximately 4% of our Class B common and Class B exchangeable stock. As of December 25, 2010, various Coors family trusts collectively owned approximately 45.5% of our Class A common and exchangeable stock, approximately 12% of our Class B common and exchangeable stock.

In 2009, we sold our 19.9% indirect common ownership interest in the Montréal Canadiens professional hockey team, the Gillett Entertainment Group and certain related assets (collectively, the "Club") to CH Group Limited Partnership / Societe en commandite Group CH ("CH Group"). The general partner of CH Group and one of its limited partners are entities affiliated with Andrew and Geoff Molson who are both members of the Board of Directors of the Company. The selling price of our interest in the Club was based on the price at which CH Group purchased the 80.1% controlling interest in the Club from an independent third party. See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes.

During 2010, MCBC sold the historic Coors family home in Golden, Colorado, to the Adolph Coors Company LLC, a related but unconsolidated company, for \$0.5 million. The selling price was based on a market appraisal by an independent third party.

We had a packaging supply agreement with a subsidiary of Graphic Packaging Corporation, a related party, under which we purchased our U.S. segment paperboard requirements. This contract is now held by MillerCoors. Our payments under the packaging agreement in the first half of 2008 totaled \$42.7 million.

Certain Business Relationships

See Part II—Item 8 Financial Statements and Supplementary Data, Note 4 "Investments" of the Notes regarding our significant related party transactions.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Details of market sensitive derivative and other financial instruments, including their fair values, are included in the table below. These instruments include long-term debt, foreign currency swaps, commodity swaps, forward starting interest rate swaps, and cross currency swaps.

	Notional amounts by expected maturity date							December 25, 2010 Fair value	December 26, 2009 Fair value		
	December						(In millions)				
	2011	2012	2013	2014	2015	Thereafter	Total				
Long-term debt:											
\$300 million, 4.85% fixed rate, due 2010 (1)	—	—	—	—	—	—	—	—	(312.6)		
\$850 million, 6.375% fixed rate notes, due 2012(2)	—	44.6	—	—	—	—	44.6	(47.9)	(51.5)		
CAD 900 million 5.0% fixed rate, notes due 2015 (1)	—	—	—	—	892.6	—	892.6	(955.7)	(906.6)		
\$575 million, 2.5% convertible bonds, due 2013(4)	—	—	575.0	—	—	—	575.0	(647.2)	(642.9)		
CAD 500 million 3.95% fixed rate Series A notes, due 2017(5)	—	—	—	—	—	495.9	495.9	(486.8)	—		
Foreign currency management:											
Forwards Cross currency swaps(1) (2)(3)	236.7	146.0	57.3	—	—	—	440.0	(16.2)	(8.6)		
— 1,637.1	— —	— —	— —	— —	— —	— —	1,637.1	(412.2)	(413.0)		
Commodity pricing management:											
Swaps (notional in GJ)	1.6	0.6	—	—	—	—	2.2	(2.1)	(0.8)		
Interest rate pricing management:											
Forward starting interest rate swaps (5)	—	—	—	—	—	—	—	—	6.3		
Equity pricing management:											
Option contracts (notional in FGL.ASX Shares)	7.6	—	—	—	—	—	7.6	2.9	—		
AUD 42.6 million total return swap	42.8	—	—	—	—	—	42.8	1.2	(1.8)		

Our objective in managing our exposure to fluctuations in interest rates, foreign currency exchange rates, and production and packaging materials prices is to decrease the

volatility of our earnings and cash flows affected by potential changes in underlying rates and prices

We do not hedge the value of net investments in foreign-currency-denominated operations or translated earnings of foreign subsidiaries. Our primary foreign currency exposures are the Canadian dollar ("CAD") and the British pound sterling ("GBP").

(1) Prior to issuing the bonds on September 22, 2005 (See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes), we entered into a bond forward transaction for a portion of the Canadian offering. The bond forward transaction effectively established, in advance, the yield of the government of Canada bond rates over which the Company's private placement was priced. At the time of the private placement offering and pricing, the government of Canada bond rates were trading at a yield lower than that locked in with the Company's interest rate lock. This resulted in a loss of \$4.0 million on the bond forward transaction. Per authoritative accounting guidance pertaining to derivatives and hedging, the loss is being amortized over the life of the Canadian issued private placement and will serve to increase the Company's effective cost of borrowing by .0005% compared to the stated coupon on the issue.

Simultaneously with the U.S. private placement we entered into a cross currency swap transaction for the entire \$300 million issue amount and for the same maturity. In this transaction we exchanged our \$300 million for a CAD 355.5 million obligation with a third party. The terms of the transaction were such that the Company would pay interest at a rate of 4.28% to the third party on the amount of CAD 355.5 million and would receive interest at a rate of 4.85% on the \$300 million amount. There was an exchange of principle at the inception of this transaction and there was a subsequent exchange of principal at the termination of the transaction in September of 2010. We designated this transaction as a hedge of the variability of the cash flows associated with the payment of interest and principal on the USD securities. Consistent with authoritative accounting guidance pertaining to derivatives and hedging, all changes in the value of the transaction due to foreign exchange were recorded through the statement of operations and were offset by a revaluation of

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the associated debt instrument. Changes in the value of the transaction due to interest rates were recorded to other comprehensive income.

In September of 2010, our \$300 million/CAD 355.5 million cross currency swap matured and was cash settled in accordance with the terms of the contract.

- (2) We are a party to certain cross currency swaps totaling GBP 530 million (approximately \$774 million at prevailing foreign currency exchange rates in 2002, the year we entered into the swaps). The swaps included an initial exchange of principal in 2002 and will require final principal exchange on the settlement date of our 6 ³ / 8 % notes due in 2012 (See Part II—Item 8 Financial Statements and Supplementary Data, Note 18 "Derivatives Instruments and Hedging Activities" of the Notes for further discussion). The swaps also call for an exchange of fixed GBP interest payments for fixed USD interest receipts. At the initial principal exchange, we paid USD to a counterparty and received GBP. Upon final exchange, we will provide GBP to the counterparty and receive USD. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future GBP interest and principal receipts.
- (3) We are a party to a cross currency swap totaling GBP 530 million (approximately CAD 1.2 billion at prevailing foreign currency exchange rates in 2005, the year we entered into the swap.) The swaps included an initial exchange of principal in 2005 and will require final principal exchange on the settlement date in 2012. The swap also calls for an exchange of fixed CAD interest payments for fixed GBP interest receipts. The cross currency swap has been designated as a cash flow hedge of the changes in value of the future CAD interest and principal receipts that results from changes in the GBP to CAD exchange rates on an intercompany loan between two of our subsidiaries. See Part II—Item 8 Financial Statements and Supplementary Data, Note 18 "Derivatives Instruments and Hedging Activities" to the Consolidated Financial Statements for further discussion.
- (4) On June 15, 2007, MCBC issued \$575 million of 2.5% Convertible Senior Notes in a public offering discussed in Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes.
- (5) Prior to issuing the bonds on October 6, 2010 (See Part II—Item 8 Financial Statements and Supplementary Data, Note 13 "Debt" of the Notes), we entered into a forward starting interest rate swap transaction for a portion of the Canadian offering. The forward starting interest rate swap transaction effectively established, in advance, an average fixed rate of 3.3% for the benchmark Canadian yield on the CAD 200 million we hedged. At the time of the private placement offering and pricing, the government of Canada bond rates were trading at a yield lower than that locked in with the Company's interest rate lock. This resulted in a loss of CAD 7.9 million on the forward starting interest rate swap transaction. Per authoritative accounting guidance pertaining to derivatives and hedging, the loss is being amortized over the life of the Canadian issued private placement and will serve to increase the Company's effective cost of borrowing by approximately .0023% compared to the stated coupon on the issue.

ITEM 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT

The preparation, integrity and objectivity of the financial statements and all other financial information included in this annual report are the responsibility of the management of Molson Coors Brewing Company. The financial statements have been prepared in accordance with generally accepted accounting principles in the United States, applying estimates based on management's best judgment where necessary. Management believes that all material uncertainties have been appropriately accounted for and disclosed.

The established system of accounting procedures and related internal controls provide reasonable assurance that the assets are safeguarded against loss and that the policies and procedures are implemented by qualified personnel. The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 25, 2010. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based upon its assessment, management concluded that, as of December 25, 2010, the Company's internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, provides an objective, independent audit of the consolidated financial statements and internal control over financial reporting. Their accompanying report is based upon an examination conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), including tests of accounting procedures, records and internal controls.

The Board of Directors, operating through its Audit Committee composed of independent, outside directors, monitors the Company's accounting control systems and reviews the results of the Company's auditing activities. The Audit Committee meets at least quarterly, either separately or jointly, with representatives of management, PricewaterhouseCoopers LLP, and internal auditors. To ensure complete independence, PricewaterhouseCoopers LLP and the Company's internal auditors have full and free access to the Audit Committee and may meet with or without the presence of management.

Peter Swinburn
President & Chief Executive Officer,
Molson Coors Brewing Company
February 21, 2011

Stewart Glendinning
Chief Financial Officer,
Molson Coors Brewing Company
February 21, 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
Of Molson Coors Brewing Company:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Molson Coors Brewing Company and its subsidiaries at December 25, 2010 and December 26, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 25, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion the financial statement schedule listed in the index appearing under Item 15(a) (2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 25, 2010 based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed respectively in Notes 1 and 2 to the consolidated financial statements, the Company changed the manner in which it accounts for the classification of returnable bottles and pallets in 2010 and the manner in which it accounts for convertible debt and non-controlling interests in 2009.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject

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to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP
Denver, Colorado
February 21, 2011

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE DATA)

	For the Years Ended		
	<u>December 25, 2010</u>	<u>December 26, 2009</u>	<u>December 28, 2008</u>
Sales	\$ 4,703.1	\$ 4,426.5	\$ 6,651.8
Excise taxes	(1,448.7)	(1,394.1)	(1,877.5)
Net sales	3,254.4	3,032.4	4,774.3
Cost of goods sold	(1,812.2)	(1,726.9)	(2,840.8)
Gross profit	1,442.2	1,305.5	1,933.5
Marketing, general and administrative expenses	(1,012.5)	(900.8)	(1,333.2)
Special items, net	(21.3)	(32.7)	(133.9)
Equity income in MillerCoors	456.1	382.0	155.6
Operating income	864.5	754.0	622.0
Other income (expense), net			
Interest expense	(110.2)	(96.6)	(119.1)
Interest income	10.8	10.7	17.3
Debt extinguishment costs	—	—	(12.4)
Other income (expense), net, includes \$46.0 gain in 2009 on related party transaction, see Note 4	43.9	49.4	(8.4)
Total other income (expense), net	(55.5)	(36.5)	(122.6)
Income from continuing operations before income taxes	809.0	717.5	499.4
Income tax benefit (expense)	(138.7)	14.7	(96.4)
Income from continuing operations	670.3	732.2	403.0
Gain (loss) from discontinued operations, net of tax	39.6	(9.0)	(12.1)
Net income	709.9	723.2	390.9
Less: Net income attributable to noncontrolling interests	(2.2)	(2.8)	(12.2)
Net income attributable to Molson Coors Brewing Company	<u>\$ 707.7</u>	<u>\$ 720.4</u>	<u>\$ 378.7</u>
Basic income (loss) attributable to Molson Coors Brewing Company per share:			
From continuing operations	\$ 3.59	\$ 3.96	\$ 2.14
From discontinued operations	0.21	(0.05)	(0.07)
Basic net income attributable to Molson Coors Brewing Company per share	<u>\$ 3.80</u>	<u>\$ 3.91</u>	<u>\$ 2.07</u>
Diluted income (loss) attributable to Molson Coors Brewing Company per share:			
From continuing operations	\$ 3.57	\$ 3.92	\$ 2.11
From discontinued operations	0.21	(0.05)	(0.07)
Diluted net income attributable to Molson Coors Brewing Company per share	<u>\$ 3.78</u>	<u>\$ 3.87</u>	<u>\$ 2.04</u>
Weighted average shares—basic	185.9	184.4	182.6
Weighted average shares—diluted	187.3	185.9	185.5
Amounts attributable to Molson Coors Brewing Company			
Income from continuing operations, net of tax	\$ 668.1	\$ 729.4	\$ 390.8
Gain (loss) from discontinued operations, net of tax	39.6	(9.0)	(12.1)
Net income	<u>\$ 707.7</u>	<u>\$ 720.4</u>	<u>\$ 378.7</u>

See notes to consolidated financial statements

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	As of	
	December 25, 2010	December 26, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,217.6	\$ 734.2
Accounts and notes receivable:		
Trade, less allowance for doubtful accounts of \$7.4 and \$10.1, respectively	503.8	513.8
Affiliates	67.0	52.9
Current notes receivable and other receivables, less allowance for doubtful accounts of \$2.5 and \$2.8, respectively	158.7	150.5
Inventories:		
Finished	134.3	111.1
In process	16.6	18.3
Raw materials	32.1	43.6
Packaging materials	12.0	8.3
Total inventories	195.0	181.3
Maintenance and operating supplies, less allowance for obsolete supplies of \$4.1 and \$4.1, respectively	20.2	17.7
Other current assets, less allowance for advertising supplies	58.0	47.6
Discontinued operations	0.6	9.9
Total current assets	2,220.9	1,707.9
Properties, less accumulated depreciation of \$926.5 and \$888.0, respectively	1,388.7	1,347.4
Goodwill	1,489.1	1,475.0
Other intangibles, less accumulated amortization of \$406.8 and \$356.8, respectively	4,655.1	4,534.7
Investment in MillerCoors	2,574.1	2,613.6
Deferred tax assets	188.2	177.9
Notes receivable, less allowance for doubtful accounts of \$6.6 and \$7.3, respectively	43.0	48.7
Other assets	138.5	115.9
Total assets	\$ 12,697.6	\$ 12,021.1

See notes to consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

(IN MILLIONS, EXCEPT PAR VALUE)

	As of	
	December 25, 2010	December 26, 2009
Liabilities and equity		
Current liabilities:		
Accounts payable:		
Trade	\$ 227.8	\$ 193.4
Affiliates	40.4	16.9
Accrued expenses and other liabilities	831.0	745.0
Deferred tax liabilities	219.6	167.1
Current portion of long-term debt and short-term borrowings	1.1	300.3
Discontinued operations	14.0	158.2
Total current liabilities	1,333.9	1,580.9
Long-term debt	1,959.6	1,412.7
Pension and post-retirement benefits	458.6	823.8
Derivative hedging instruments	404.8	374.2
Deferred tax liabilities	466.7	468.0
Unrecognized tax benefits	80.8	65.0
Other liabilities	126.4	185.0
Discontinued operations	24.2	18.7
Total liabilities	4,855.0	4,928.3
Commitments and contingencies (Note 20)	—	—
Molson Coors Brewing Company stockholders' equity		
Capital stock:		
Preferred stock, non-voting, no par value (authorized: 25.0 shares; none issued)	—	—
Class A common stock, voting, \$0.01 par value (authorized: 500.0 shares; issued and outstanding: 2.6 shares at December 25, 2010 and December 26, 2009)	—	—
Class B common stock, non-voting, \$0.01 par value (authorized: 500.0 shares; issued and outstanding: 162.0 shares and 159.4 shares at December 25, 2010 and December 26, 2009, respectively)	1.6	1.6
Class A exchangeable shares, no par value (issued and outstanding: 3.0 shares and 3.2 shares at December 25, 2010 and December 26, 2009, respectively)	111.2	119.1
Class B exchangeable shares, no par value (issued and outstanding: 19.2 shares and 20.2 shares at December 25, 2010 and December 26, 2009, respectively)	725.0	761.8
Paid-in capital	3,548.4	3,441.5
Retained earnings	3,241.5	2,734.9
Accumulated other comprehensive income (loss)	171.1	20.7
Total Molson Coors Brewing Company stockholders' equity	7,798.8	7,079.6
Noncontrolling interests	43.8	13.2
Total equity	7,842.6	7,092.8
Total liabilities and equity	\$ 12,697.6	\$ 12,021.1

See notes to consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

	For the Years Ended		
	December 25, 2010	December 26, 2009	December 28, 2008
Cash flows from operating activities:			
Net income	\$ 709.9	\$ 723.2	\$ 390.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	202.3	208.0	294.3
Amortization of debt issuance costs and discounts	20.6	19.4	17.1
Share-based compensation	27.4	22.8	55.9
Loss (gain) on sale or impairment of properties and intangibles	19.1	(38.1)	39.2
Excess tax benefits from share-based compensation	(4.8)	(21.7)	(8.3)
Deferred income taxes	68.0	127.8	78.6
Loss (gain) on foreign currency fluctuations and derivative instruments	(9.9)	(0.1)	(1.5)
Equity income in MillerCoors	(456.1)	(382.0)	(155.6)
Distributions from MillerCoors	456.1	401.1	136.5
Equity in net income of other unconsolidated affiliates	(18.2)	(6.9)	(24.1)
Distributions from other unconsolidated affiliates	14.0	16.6	7.5
Change in current assets and liabilities (net of assets acquired and liabilities assumed in business combinations) and other:			
Receivables	(7.8)	(63.3)	(128.2)
Inventories	(10.1)	1.8	37.5
Payables	45.3	21.0	(10.5)
Other assets and other liabilities	(266.5)	(180.3)	(310.8)
Operating cash flows of discontinued operations	(39.6)	9.0	12.1
Net cash provided by operating activities	749.7	858.3	430.6
Cash flows from investing activities:			
Additions to properties and intangible assets	(177.9)	(158.8)	(249.6)
Proceeds from sales of businesses and other assets	5.2	58.0	38.8
Proceeds from sales (purchases) of investment securities, net	(10.8)	—	22.8
Acquisition of businesses, net of cash acquired	(19.8)	(41.7)	—
Payment on discontinued operations	(96.0)	—	—
Investment in MillerCoors	(1,071.2)	(514.5)	(84.3)
Return of capital from MillerCoors	1,060.3	448.2	—
Deconsolidation of Brewers' Retail, Inc.	—	(26.1)	—
Investment in and advances to an unconsolidated affiliate	—	—	(6.9)
Trade loan repayments from customers	16.6	32.1	25.8
Trade loans advanced to customers	(9.1)	(25.5)	(31.5)
Proceeds from settlements of derivative instruments	35.1	—	—
Other	0.2	0.1	(3.7)
Net cash used in investing activities	(267.4)	(228.2)	(288.6)
Cash flows from financing activities:			
Exercise of stock options under equity compensation plans	38.5	43.1	59.0
Excess tax benefits from share-based compensation	4.8	21.7	8.3
Dividends paid	(201.1)	(170.4)	(139.1)
Dividends paid to noncontrolling interest holders	(3.7)	(2.9)	(20.3)
Proceeds from issuances of long-term debt	488.4	—	16.0
Debt issuance costs	(3.3)	—	—
Payments on long-term debt and capital lease obligations	(300.0)	(0.4)	(181.3)
Proceeds from short-term borrowings	12.1	14.7	54.5
Payments on short-term borrowings	(8.1)	(17.0)	(47.3)
Net proceeds from (payments on) revolving credit facilities	—	—	1.1
Payments on settlements of debt-related derivatives	(42.0)	—	—
Proceeds from settlements of debt-related derivatives	—	—	12.0
Change in overdraft balances and other	6.8	(6.0)	(29.8)
Net cash used in financing activities	(7.6)	(117.2)	(266.9)
Cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	474.7	512.9	(124.9)
Effect of foreign exchange rate changes on cash and cash equivalents	8.7	5.1	(35.9)
Balance at beginning of year	734.2	216.2	377.0
Balance at end of year	\$ 1,217.6	\$ 734.2	\$ 216.2

See notes to consolidated financial statements.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND NONCONTROLLING INTERESTS
(IN MILLIONS)

MCBC Shareholders									
	Total	Retained earnings	Accumulated other comprehensive income (loss)	Common stock issued		Exchangeable shares issued		Paid-in-capital	Non controlling interest
	Total	Retained earnings	Accumulated other comprehensive income (loss)	Class A	Class B	Class A	Class B	Paid-in-capital	Non controlling interest
Balance at December 30, 2007	\$ 7,252.3	\$ 1,945.3	\$ 1,122.9	\$ —	\$ 1.5	\$ 124.8	\$ 945.3	\$ 3,086.7	\$ 25.8
Exchange of shares	—	—	—	—	0.1	(5.4)	(159.0)	164.3	—
Shares issued under equity compensation plan	24.6	—	—	—	—	—	—	24.6	—
Amortization of stock based compensation	59.0	—	—	—	—	—	—	59.0	—
Contribution to MillerCoors	108.2	—	134.5	—	—	—	—	—	(26.3)
Comprehensive income (loss):									
Net income	390.9	378.7	—	—	—	—	—	—	12.2
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments	(1,234.7)	—	(1,234.7)	—	—	—	—	—	—
Unrealized gain (loss) on derivative instruments, net	49.0	—	49.0	—	—	—	—	—	—
Realized gain (loss) on derivative instruments reclassified to net income, net	3.9	—	3.9	—	—	—	—	—	—
Ownership share of equity method investees other comprehensive loss	(211.2)	—	(211.2)	—	—	—	—	—	—
Pension and other postretirement benefit adjustments	(243.2)	—	(235.8)	—	—	—	—	—	(7.4)
Other comprehensive income (loss), net of tax:									
(1,636.2)			(1,628.8)						
Comprehensive income (loss), net of tax:			(1,245.3)						
Dividends declared and paid	(159.4)	(139.1)	—	—	—	—	—	—	(20.3)
Balance at December 28, 2008	\$ 6,039.4	\$ 2,184.9	\$ (371.4)	\$ —	\$ 1.6	\$ 119.4	\$ 786.3	\$ 3,334.6	\$ (16.0)
Exchange of shares	—	—	—	—	—	(0.3)	(24.5)	24.8	—

on derivative instruments, net	(16.0)	—	(16.0)	—	—	—	—	—	
Realized gain (loss) on derivative instruments reclassified to net income, net	8.4	—	8.4	—	—	—	—	—	
Ownership share of equity method investees other comprehensive income	(71.7)	—	(71.7)	—	—	—	—	—	
Pension and other postretirement benefit adjustments	<u>108.2</u>	—	<u>108.2</u>	—	—	—	—	—	
Other comprehensive income (loss), net of tax:	<u>150.4</u>	—	<u>150.4</u>	—	—	—	—	—	
Comprehensive income (loss), net of tax:	<u>860.3</u>	—	<u>860.3</u>	—	—	—	—	—	
Dividends declared and paid	(204.8)	<u>(201.1)</u>	—	—	—	—	—	<u>(3.7)</u>	
Balance at December 25, 2010	<u>\$ 7,842.6</u>	<u>\$ 3,241.5</u>	<u>\$ 171.1</u>	<u>\$ —</u>	<u>\$ 1.6</u>	<u>\$ 111.2</u>	<u>\$ 725.0</u>	<u>\$ 3,548.4</u>	<u>\$ 43.8</u>

See notes to consolidated financial statements

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

Unless otherwise noted in this report, any description of "we", "us" or "our" includes Molson Coors Brewing Company ("MCBC" or the "Company"), principally a holding company, and its operating subsidiaries: Coors Brewing Company ("CBC"), operating in the United States ("U.S.") until June 30, 2008 when MCBC and SABMiller plc ("SABMiller") combined the U.S. and Puerto Rico operations of their respective subsidiaries, CBC and Miller Brewing Company ("Miller") and the results and financial position of U.S. operations, which comprise substantially all of our U.S. reporting segment were, in all material respects, deconsolidated from MCBC prospectively upon formation of MillerCoors LLC ("MillerCoors"), see Note 4, "Investments"; Molson Coors Brewing Company (UK) Limited ("MCBC-UK"), formerly referred to as Coors Brewers Limited ("CBL"), operating in the United Kingdom ("U.K."); Molson Coors Canada ("MCC"), formerly referred to as Molson Canada ("Molson"), operating in Canada; and our other entities. Any reference to "Coors" means the Adolph Coors Company prior to the 2005 merger with Molson Inc. (the "Merger"). Any reference to Molson Inc. or Molson means MCC prior to the Merger. Any reference to "Molson Coors" means MCBC after the Merger.

Unless otherwise indicated, information in this report is presented in U.S. dollars ("USD" or "\$").

Our Fiscal Year

In 2010 and 2009, our fiscal year was a 52 week period ending on the last Saturday in December. Previously, our fiscal year was a 52 or 53 week period ending on the last Sunday in December. The fiscal years ended December 25, 2010, December 26, 2009, and December 28, 2008, were 52 week periods. In 2011, our fiscal year will have 53 weeks, ending on December 31, 2011.

Principles of Consolidation

Our consolidated financial statements include our accounts and our majority-owned and controlled domestic and foreign subsidiaries, as well as certain variable interest entities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reporting Periods Presented

The results from Brewers' Retail, Inc. ("BRI"), a consolidated subsidiary through February 28, 2009, and an equity method investment thereafter, are reported one month in arrears. Due to a change in our ownership level of BRI, we deconsolidated this entity from our financial statements as of March 1, 2009, and began to prospectively account for it under the equity method of accounting. See Note 4, "Investments" for further information.

Use of Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions used to determine certain amounts that affect the financial statements are reasonable, based on information available at the time they are made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements may be affected.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Reclassifications and Retrospective Applications of Changes in Accounting Principles

During the first quarter of 2009, we adopted new pronouncements related to noncontrolling interests in consolidated financial statements and accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement), both of which required retrospective applications. See discussions in Note 2, "New Accounting Pronouncements." In addition, certain prior period amounts have been reclassified to conform to the current period presentation.

During the fourth quarter of 2010, we changed the classification of returnable bottles and pallets to noncurrent assets within Properties. Previously, returnable bottles and pallets were classified as current assets within Inventories, Packaging Materials. We have determined that this change in accounting principle is preferable under the circumstances and have applied it retrospectively in accordance with U.S. GAAP. See additional discussion of the accounting treatment under "Properties" below and within Note 11, "Properties."

Revenue Recognition

Depending upon the method of distribution and shipping terms, revenue is recognized when the significant risks and rewards of ownership are transferred to the customer or distributor, which is either at the time of shipment to distributors or upon delivery of product to retail customers.

In the United Kingdom, excise taxes are included in the purchase price we pay the vendor on beverages for the factored brands business purchased from third parties for resale, and are included in our net sales and cost of goods sold when ultimately sold.

The cost of various programs, such as price promotions, rebates and coupon programs are treated as a reduction of sales. Sales of products are for cash or otherwise agreed upon credit terms. Revenue is stated net of incentives, discounts and returns.

Outside of unusual circumstances, if product is returned, it is generally for failure to meet our quality standards, not caused by customer actions. Products that do not meet our high quality standards are returned and destroyed. We do not have standard terms that permit return of product. We estimate the costs for product returns and record those costs in cost of goods sold each period. We reduce revenue at the value of the original sales price in the period that the product is returned.

Cost of Goods Sold

Our cost of goods sold includes raw materials, packaging materials (including promotional packaging), manufacturing costs, plant administrative support and overheads, inbound and outbound freight charges, purchasing and receiving costs, inspection costs, warehousing, and internal transfer costs.

Equity Method Accounting

We generally apply the equity method of accounting to 20% to 50% owned investments where we exercise significant influence, except for certain investments that must be consolidated as variable interest entities. Equity method investments include our equity ownership in MillerCoors in the U.S. and Tradeteam, Ltd ("Tradeteam") (a transportation and logistics services company) in the U.K., along

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

with Modelo Molson Imports, L.P. ("MMI"), BRI, Brewers' Distributor Ltd. ("BDL") and our former interests in the Montréal Canadiens and House of Blues, all in Canada. See Note 4, "Investments."

There are no related parties that own interests in our equity method investments as of December 25, 2010.

Marketing, General and Administrative Expenses

Our marketing, general and administrative expenses consist of advertising, sales costs, non-manufacturing administrative, and overhead costs. The creative portion of our advertising activities is expensed as incurred. Production costs of advertising and promotional materials are generally expensed when the advertising is first run. Advertising expense was \$361.6 million, \$349.3 million, and \$610.0 million for years 2010, 2009, and 2008, respectively. Prepaid advertising costs of \$13.4 million and \$13.9 million, were included in other current assets in the Consolidated Balance Sheets at December 25, 2010, and December 26, 2009, respectively.

Allowance for Doubtful Accounts

Canada's distribution channels are highly regulated by provincial regulation and experience few collectability problems. However, we do have direct sales to retail customers in Canada for which an allowance is recorded based upon expected collectability and historical experience.

Trade Loans

The U.K. segment extends loans to a portion of the retail outlets that sell our brands. Some of these loans provide for no interest to be payable, and others provide for payment of a below market interest rate. In return, the retail outlets receive smaller discounts on beer and other beverage products purchased from us, with the net result being the U.K. segment attaining a market return on the outstanding loan balance. We therefore reclassify a portion of beer revenue into interest income to reflect a market rate of interest on these loans. In 2010, 2009 and 2008, these amounts were \$6.7 million, \$8.3 million, and \$10.7 million, respectively and this interest income is included in the U.K. segment.

Trade loan receivables are classified as either current notes receivable and other receivables or non-current notes receivable in our Consolidated Balance Sheets. At December 25, 2010, and December 26, 2009, total loans outstanding, net of allowances, were \$48.4 million and \$62.5 million, respectively.

An allowance for credit losses is maintained to provide for probable loan losses related to specifically identified loans and for losses inherent in the loan portfolio that have been incurred at the balance sheet date. We establish our allowance through a provision for loan losses charged against earnings and recorded in marketing, general & administrative expenses. In determining the allowance, management analyzes the loan portfolio on an individual loan basis based on monthly performance. The evaluation is based on a review of the collectability of loans considering the nature of the portfolio, historical experience, the borrower's current repayment ability, estimated value of any underlying collateral, returns, risk profile, credit scores obtained from credit rating agencies and prevailing economic conditions. This evaluation is inherently subjective as it requires information

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

related to these factors available at the time. The criteria are applied consistently across the trade loan portfolio and there has been no change to the policy during the year.

Further, based on the monthly evaluation of loan performance, if, in management's judgment the review indicates that the loan may not be recoverable, it is classified as delinquent. Loans classified as delinquent are placed under additional scrutiny by management and if deemed uncollectible then they are passed to the company's credit management agency. Interest continues to be accrued on delinquent loans when collectability remains probable and payments received are recorded as a reduction of principal and interest. If after a period of additional scrutiny, in management's judgment the loan is not recoverable, it is written off along with any outstanding interest and any further collected payments are applied to principal.

Total delinquent loans at December 25, 2010 and December 26, 2009 were \$12.5 million and \$18.7 million, respectively. Loan balances that are written off are recorded against the allowance as a charge-off. In 2010 and 2009, total loans written off were \$6.2 million and \$7.7 million, respectively. Any subsequent loan recovery is recorded as a gain upon collection.

A rollforward of the allowance for the year ended December 25, 2010 is as follows (in millions):

Balance at December 26, 2009	\$ 10.1
Additions charged to expense	5.4
Write-offs	(6.2)
Foreign currency and other adjustments	(0.2)
Balance at December 25, 2010	\$ 9.1

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. Prior to the formation of MillerCoors, substantially all of the inventories in the United States were determined on the last-in, first-out ("LIFO") method. In the fourth quarter of 2010, we reclassified our returnable bottles and pallets from Inventories, Packaging Materials, to Properties as discussed below.

We regularly assess the shelf-life of our inventories and reserve for those inventories when it becomes apparent the product will not be sold within our freshness specifications. There were no allowances for obsolete finished goods or packaging materials at December 25, 2010 or at December 26, 2009.

Properties

Properties are carried at original cost less accumulated depreciation. Certain equipment held under capital lease is classified as equipment and amortized using the straight-line method or estimated useful life, whichever is shorter over the lease term. Lease amortization is included in depreciation expense. Expenditures for new facilities and improvements that substantially extend the capacity or useful life of an asset are capitalized. Start-up costs associated with manufacturing facilities, but not related to construction, are expensed as incurred. Ordinary repairs and maintenance are expensed as incurred.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Our returnable containers (including returnable bottles, kegs and pallets) are recorded at acquisition cost and are classified within Properties. Returnable containers consist of returnable bottles, kegs and pallets that are both in our direct control within our breweries, warehouses and distributions facilities and those that we indirectly control in the market through our agreements with our customers and other brewers and for which a deposit is received. The deposits received on the Company's returnable containers in the market are recorded as deposit liabilities, included as current liabilities within Accrued Expenses and other liabilities in the Consolidated Balance Sheets. See Note 11, "Properties."

Historically our returnable bottles and pallets were classified as current assets within Inventories, Packaging Materials. During the fourth quarter of 2010, we concluded that the classification of our returnable bottles and pallets as noncurrent assets within Properties is a preferable presentation under U.S. GAAP and is more consistent with industry practice and as such we have classified these amounts as Properties in the Consolidated Balance Sheets and adjusted our Consolidated Statements of Cash Flows accordingly, reflecting the purchases of returnable bottles and pallets as investing activities. The amounts presented in our historical financial statements have also been retrospectively adjusted to conform to the current year presentation as follows:

		As of and for the year ended December 26, 2009	
		As previously reported	As adjusted
		(in millions)	
Inventories, Packaging materials	Consolidated Balance Sheet	\$ 63.2	\$ 8.3
Total current assets	Consolidated Balance Sheet	\$ 1,762.8	\$ 1,707.9
Properties	Consolidated Balance Sheet	\$ 1,292.5	\$ 1,347.4
Depreciation and amortization—Operating activities	Consolidated Statement of Cash Flows	\$ 187.4	\$ 208.0
Inventories—Operating Activities	Consolidated Statement of Cash Flows	\$ (11.7)	\$ 1.8
Net cash provided by operating activities	Consolidated Statement of Cash Flows	\$ 824.2	\$ 858.3
Additions to properties and intangible assets—Investing activities	Consolidated Statement of Cash Flows	\$ (124.7)	\$ (158.8)
Net cash used in investing activities	Consolidated Statement of Cash Flows	\$ (194.1)	\$ (228.2)

		For the year ended December 28, 2008	
		As previously reported	As adjusted
		(in millions)	
Depreciation and amortization—Operating activities	Consolidated Statement of Cash Flows	\$ 273.4	\$ 294.3
Inventories—Operating Activities	Consolidated Statement of Cash Flows	\$ 39.3	\$ 37.5
Net cash provided by operating activities	Consolidated Statement of Cash Flows	\$ 411.5	\$ 430.6
Additions to properties and intangible assets—Investing activities	Consolidated Statement of Cash Flows	\$ (230.5)	\$ (249.6)
Net cash used in investing activities	Consolidated Statement of Cash Flows	\$ (269.5)	\$ (288.6)

Note that the above changes do not impact the Consolidated Statements of Operations as the expense related to the returnable bottles and pallets has historically been recorded within Costs of



MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

goods sold and will continue to be classified as such. Additionally, the amounts presented in our historical quarterly financial statements have also been retrospectively adjusted to conform to the current year presentation as further discussed in Note 22, "Quarterly Financial Information (Unaudited)."

Fair Value of Financial Instruments

The carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value as recorded due to the short-term maturity of these instruments. In addition, the carrying amounts of our trade loan receivables approximate fair value. The fair value of long-term obligations for derivatives was estimated by discounting the future cash flows using market interest rates, adjusted for non-performance credit risk associated with our counterparties (assets) or with MCBC (liabilities). See Note 18, "Derivative Instruments and Hedging Activities." Based on current market rates for similar instruments, the fair value of long-term debt is presented in Note 13, "Debt."

The Financial Accounting Standards Board ("FASB") issued guidance for fair value, which establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). We utilize a combination of market and income approaches to value derivative instruments, and use an income approach for valuing our indemnity obligations. Our financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels of the hierarchy are as follows:

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are less active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Unobservable inputs that reflect the assumptions that we believe market participants would use in pricing the asset or liability. We develop these inputs based on the best information available, including our own data.

Foreign Currency Translation

Assets and liabilities recorded in foreign currencies that are the functional currencies for the respective operations are translated at the prevailing exchange rate at the balance sheet date. Revenue and expenses are translated at the average exchange rates during the period. Translation adjustments resulting from this process are reported as a separate component of other comprehensive income.

Factored Brands

In addition to supplying our own brands, the U.K. segment sells other beverage companies' products to on-premise customers to provide them with a full range of products for their retail outlets.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

These factored brand sales are included in our financial results, but the related volume is not included in our reported sales volumes. We refer to this as the "factored brand business." In the factored brand business, we normally purchase factored brand inventory, take orders from customers for such brands, and invoice customers for the product and related costs of delivery. In accordance with guidance pertaining to reporting revenue gross as a principal versus net as an agent, sales under the factored brands are generally reported on a gross income basis.

Goodwill and Other Asset Valuation

We evaluate the carrying value of our goodwill and indefinite-lived intangible assets for impairment at least annually, and we evaluate our other tangible and intangible assets for impairment when there is evidence that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in such impairment evaluations. We completed the required annual impairment testing as of June 27, 2010, the first day of our fiscal third quarter. See Note 12, "Goodwill and Intangible Assets."

Statement of Cash Flows Data

Cash equivalents represent highly liquid investments with original maturities of 90 days or less. The carrying value of these investments approximates their fair value. The following presents our supplemental cash flow information:

	For the fiscal years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Cash paid for interest			
(1)	\$ 87.0	\$ 76.0	\$ 84.2
Cash paid for taxes	\$ 38.4	\$ 50.9	\$ 71.5
Receipt of note upon sale of property	\$ 5.3	\$ —	\$ 2.8
Issuance of restricted stock, net of forfeitures	\$ 9.8	\$ 8.9	\$ 28.2
Issuance of performance shares, net of forfeitures	\$ 7.4	\$ 14.1	\$ 0.9

(1) 2008 includes cash paid for interest of \$3.0 million associated with debt extinguishment costs.

See Note 4, "Investments," for a summary of assets and liabilities contributed to MillerCoors, the formation of which was a significant non-cash activity in 2008.

2. New Accounting Pronouncements**Adoption of New Accounting Pronouncements*****Consolidation of Variable Interest Entities***

In June 2009, the FASB issued authoritative guidance related to the consolidation of variable interest entities ("VIEs"), which requires an enterprise to determine whether its variable interests give it a controlling financial interest. The primary beneficiary of a VIE is the enterprise that has both (1) the power to direct the activities of a VIE that most significantly impact the entity's economic

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. New Accounting Pronouncements (Continued)

performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. This guidance also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE requiring consolidation. The guidance was effective for our first quarter ended March 27, 2010. The adoption of this guidance did not impact our financial results. See also Note 4, "Investments" for further disclosure of our VIEs.

Noncontrolling Interests

In December 2007, the FASB issued authoritative guidance related to noncontrolling interests in consolidated financial statements. This guidance requires the recognition of a noncontrolling interest (previously referred to as minority interest) as a component of equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income in the consolidated statement of operations. It also amends existing guidance to be consistent with the revised guidance for business combinations including procedures associated with the deconsolidation of a subsidiary. As such, our adoption of this guidance on December 28, 2008 impacted the accounting for the deconsolidation of BRI in the first quarter of 2009. Changes to noncontrolling interests reflected in total equity during 2009 resulted from \$2.8 million of net earnings, establishment of the non-controlling interest in Cobra Beer Partnership Ltd of \$9.6 million, and the effects of deconsolidating BRI (\$19.7 million). Changes to the individual components of accumulated other comprehensive income attributable to noncontrolling interests were insignificant. This guidance also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. See Note 4, "Investments" for further discussion.

Accounting for Convertible Debt Instruments

In May 2008, the FASB issued authoritative guidance related to accounting for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) that applies to all convertible debt instruments that have a "net settlement feature", which means that such convertible debt instruments, by their terms, may be settled either wholly or partially in cash upon conversion. This guidance requires issuers of convertible debt instruments that may be settled wholly or partially in cash upon conversion to separately account for the liability and equity components in a manner reflective of the issuers' nonconvertible debt borrowing rate. The Company retrospectively adopted this guidance in 2008, impacting historical accounting for our 2.5% Convertible Senior Notes due July 30, 2013 ("Convertible Senior Notes"). See Note 13, "Debt" for further discussion.

New Accounting Pronouncements Not Yet Adopted

Goodwill Impairment Analysis

In December 2010, the FASB issued authoritative guidance related to the evaluation of Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts, which requires an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. Upon adoption of the guidance, an entity with reporting units that have carrying amounts

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. New Accounting Pronouncements (Continued)

that are zero or negative is required to assess whether it is more likely than not that the reporting units' goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting units. The guidance is effective for our first quarter ending March 26, 2011. We are currently evaluating the impact that this guidance may have on the determination or reporting of our financial results.

3. Segment Reporting

Our reporting segments are based on the key geographic regions in which we operate, which are the basis on which our chief operating decision maker evaluates the performance of the business. The Company operates in the reporting segments listed below.

Reportable segments

Canada

The Canada segment consists of our production, marketing and sales of the Molson family of brands, *Coors Light* and other brands, principally in Canada; and BRI, our joint venture arrangement related to the distribution and retail sale of beer in Ontario and BDL, our joint venture arrangement related to the distribution of beer in the western provinces, both accounted for as equity method investments. The Canada segment also includes our equity interest in Modelo Molson Imports, L.P ("MMI"), our joint venture with Grupo Modelo S.A.B. de C.V. ("Modelo").

We have an agreement with Heineken N.V. ("Heineken") that grants us the right to import, market, and sell Heineken products throughout Canada and with SABMiller to brew, market, and sell several SABMiller brands, and to distribute and sell imported SABMiller brands. We also contract brew and package *Asahi* for the U.S. market.

United States (U.S.)

As discussed in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," effective July 1, 2008, MillerCoors began operations. The results and financial position of our U.S. segment operations were deconsolidated upon contribution to the joint venture, and our interest in MillerCoors is being accounted for and reported by us under the equity method of accounting. MCBC's equity investment in MillerCoors represents our U.S. segment beginning July 1, 2008.

United Kingdom (U.K.)

The U.K. segment consists of our production, marketing and sales of our brands (the largest of which is *Carling*), principally in the U.K.; our consolidated joint venture relating to the production and distribution of the *Grolsch* brands in the U.K. and the Republic of Ireland; our consolidated joint venture to produce and distribute the *Cobra* beer brands in the U.K.; factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by us), in the U.K.; and our equity method joint venture arrangement ("Tradeteam") for the physical distribution of products throughout Great Britain.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segment Reporting (Continued)

Non-reportable segment and other business activities

Molson Coors International ("MCI") and Corporate

MCI includes results of operations in our non-core and developing markets, including Asia, Mexico, the Caribbean (not including Puerto Rico) and continental Europe. This includes our venture agreement in China with Hebei Si'hai Beer Company, Molson Coors Si'hai Brewing (China) Co., Ltd. ("MC-Si'hai"). Corporate includes interest and certain other general and administrative costs that are not allocated to any of the operating segments. The majority of these corporate costs relate to worldwide administrative functions, such as corporate affairs, legal, human resources, accounting, treasury, insurance and risk management. Corporate also includes certain royalty income and administrative costs related to the management of intellectual property.

Summarized financial information

No single customer accounted for more than 10% of our sales. Net sales represent sales to third party external customers. Inter-segment sales revenues other than sales to MillerCoors are insignificant and eliminated in consolidation.

The following tables represent consolidated net sales, consolidated interest expense, consolidated interest income, and reconciliations of amount shown as income (loss) from continuing operations before income taxes to income from continuing operations attributable to MCBC.

	Year ended December 25, 2010				
	Canada	U.S.	U.K. (In millions)	MCI and Corporate	Consolidated
Net sales	\$ 1,938.2	\$ —	\$ 1,234.9	\$ 81.3	\$ 3,254.4
Interest expense	—	—	—	(110.2)	(110.2)
Interest income	—	—	6.7	4.1	10.8
Income (loss) from continuing operations before income taxes	\$ 454.0	\$ 456.1	\$ 95.3	\$ (196.4)	\$ 809.0
Income tax benefit (expense)					(138.7)
Income from continuing operations					670.3
Net income attributable to noncontrolling interests					(2.2)
Income from continuing operations attributable to MCBC					\$ 668.1

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segment Reporting (Continued)

	Year ended December 26, 2009				
	Canada	U.S.	U.K. (In millions)	MCI and Corporate	Consolidated
Net sales	\$ 1,732.3	\$ —	\$ 1,226.2	\$ 73.9	\$ 3,032.4
Interest expense	—	—	—	(96.6)	(96.6)
Interest income	—	—	8.3	2.4	10.7
Income (loss) from continuing operations before income taxes	\$ 462.6	\$ 382.0	\$ 90.8	\$ (217.9)	\$ 717.5
Income tax benefit (expense)					14.7
Income from continuing operations					732.2
Net income attributable to noncontrolling interests					(2.8)
Income from continuing operations attributable to MCBC					\$ 729.4

	Year ended December 28, 2008					
	Canada	U.S.	U.K. (In millions)	MCI and Corporate	Eliminations	Consolidated
Net sales(1)	\$ 1,920.0	\$ 1,504.8	\$ 1,342.2	\$ 62.9	\$ (55.6)	\$ 4,774.3
Interest expense	—	—	—	(119.1)	—	(119.1)
Interest income	—	—	10.7	6.6	—	17.3
Debt extinguishment costs	—	—	—	(12.4)	—	(12.4)
Income (loss) from continuing operations before income taxes	\$ 458.4	\$ 265.0	\$ 85.4	\$ (309.4)	\$ —	\$ 499.4
Income tax benefit (expense)						(96.4)
Income from continuing operations						403.0
Net income attributable to noncontrolling interests						(12.2)
Income from continuing operations attributable to MCBC						\$ 390.8

(1) Beginning in the third quarter of 2009, management adjusted internal financial reporting to conform sales reporting for the pre-MillerCoors periods to the post-MillerCoors periods. As a result, Canada segment sales for year ended December 28, 2008 are higher than reported in prior periods due to the inclusion of \$55.6 million of intersegment/intercompany sales, respectively, which were eliminated upon consolidation.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segment Reporting (Continued)

The following table presents total assets by segment:

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Canada(1)	\$ 6,548.9	\$ 6,402.0
U.S.	2,574.1	2,613.6
U.K.(1)	2,276.2	2,359.8
MCI and Corporate	1,297.8	635.8
Discontinued operations	0.6	9.9
Consolidated total assets	<u>\$ 12,697.6</u>	<u>\$ 12,021.1</u>

(1) A significant part of the increase in asset values in Canada reflects the strengthening of the Canadian dollar ("CAD") against the USD in 2010 along with the returnable container reclassification described in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies." The majority of the decrease in asset values in the U.K. in 2010 reflects the weakening of the British pound ("GBP") against the USD. The increase in MCI and Corporate is due mainly to the increase in cash balances at Corporate.

The following table presents cash flow information by segment:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Depreciation and amortization(1):			
Canada(2)	\$ 122.3	\$ 120.6	\$ 139.2
United States(3)	—	—	51.3
United Kingdom	67.5	77.6	99.3
MCI and Corporate	12.5	9.8	4.5
Consolidated depreciation and amortization	<u>\$ 202.3</u>	<u>\$ 208.0</u>	<u>\$ 294.3</u>
Capital expenditures:			
Canada(2)	\$ 97.8	\$ 77.6	\$ 91.8
United States(3)	—	—	55.9
United Kingdom	70.0	64.6	88.2
MCI and Corporate	10.1	16.6	13.7
Consolidated capital expenditures	<u>\$ 177.9</u>	<u>\$ 158.8</u>	<u>\$ 249.6</u>

(1) Depreciation and amortization amounts do not reflect amortization of bond discounts, fees, or other debt-related items.

(2) Reflects the impact of the reclassification of returnable containers from inventories to properties. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies."

(3) Reflects the formation of MillerCoors on July 1, 2008. Prior periods reflect amounts of the Company's pre-existing U.S. operations.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Segment Reporting (Continued)

The following table presents sales by geographic segment:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Net sales to unaffiliated customers(1):			
Canada	\$ 1,894.9	\$ 1,687.0	\$ 1,804.6
United States and its territories(2)	44.6	46.3	1,565.7
United Kingdom	1,217.7	1,180.3	1,311.3
Other foreign countries	97.2	118.8	92.7
Consolidated net sales	<u>\$ 3,254.4</u>	<u>\$ 3,032.4</u>	<u>\$ 4,774.3</u>

(1) Net sales attributed to geographic areas are based on the location of the customer.

(2) Reflects the formation of MillerCoors on July 1, 2008. Prior periods reflect amounts of the Company's pre-existing U.S. operations.

The following table presents properties by geographic segment:

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Properties(1):		
Canada(2)	\$ 864.7	\$ 843.6
United States and its territories	41.8	44.3
United Kingdom(3)	441.9	459.1
China and other foreign countries(4)	40.3	0.4
Consolidated long-lived assets	<u>\$ 1,388.7</u>	<u>\$ 1,347.4</u>

(1) Includes net properties based on geographic location.

(2) The increase in long-lived asset value in Canada in 2010 is related to the strengthening of the CAD against the USD along with the returnable container reclassification described in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies".

(3) The decrease in asset value in the U.K. in 2010 reflects the weakening of the GBP against the USD.

(4) The increase in asset value in China and other foreign countries is attributable to our purchase of a 51% interest in MC-Si'hai.

4. Investments

The investments included within this Note 4 include both equity method and consolidated investments. Those entities identified as VIEs have been evaluated to determine whether we are the primary beneficiary. The VIEs included under Equity Investments are those for which we have concluded that we are not the primary beneficiary and accordingly, we account for these investments

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

under the equity method of accounting. The VIEs included under Consolidated Investments are those for which we have concluded that we are the primary beneficiary and accordingly, consolidate these entities. We have not provided any financial support to any of our VIEs during the year that we were not previously contractually obligated to provide.

Authoritative guidance related to the consolidation of VIEs requires that we continually reassess whether we are the primary beneficiary of VIEs in which we have an interest. As such, the conclusion regarding the primary beneficiary status is subject to change and we continually evaluate circumstances that could require a change to our current accounting treatment.

Equity Investments*Investment in MillerCoors*

MillerCoors has a Board of Directors consisting of five MCBC-appointed and five SABMiller-appointed directors. The percentage interests in the profits of MillerCoors are 58% for SABMiller and 42% for MCBC, and voting interests are shared 50%-50%. Each party to the joint venture has agreed not to transfer its economic or voting interests in the joint venture for a period of five years, and certain rights of first refusal will apply to any subsequent assignment of such interests. Our interest in MillerCoors is accounted for under the equity method of accounting.

The following table is a summary of the carrying values of net assets that we contributed to MillerCoors on July 1, 2008 (in millions):

	<u>As of</u> <u>July 1, 2008</u>
Current assets	\$ 684.9
Property, plant and equipment	1,004.3
Goodwill	1,608.8
Total assets contributed	3,298.0
Current liabilities	573.2
Noncurrent liabilities	204.3
Total liabilities	777.5
Accumulated other comprehensive loss(1)	(211.9)
Net assets contributed	\$ 2,732.4

(1) Represents the accumulated other comprehensive loss associated with employee retirement and post-employment benefit plan obligations and derivative assets contributed to MillerCoors.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

Summarized financial information for MillerCoors is as follows (in millions):

Condensed balance sheet

	As of	
	December 31, 2010	December 31, 2009
Current assets	\$ 815.9	\$ 848.4
Noncurrent assets	8,972.1	8,985.1
Total assets	\$ 9,788.0	\$ 9,833.5
Current liabilities	\$ 932.9	\$ 885.4
Noncurrent liabilities	1,273.4	1,278.4
Total liabilities	2,206.3	2,163.8
Noncontrolling interests	30.5	28.1
Owners' equity	7,551.2	7,641.6
Total liabilities and shareholders' investment	\$ 9,788.0	\$ 9,833.5

Results of operations

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the six months ended December 31, 2008
Net sales	\$ 7,570.6	\$ 7,574.3	\$ 3,689.4
Cost of goods sold	(4,686.3)	(4,720.9)	(2,326.0)
Gross profit	\$ 2,884.3	\$ 2,853.4	\$ 1,363.4
Operating income	\$ 1,078.9	\$ 866.1	\$ 227.2
Net income attributable to MillerCoors	\$ 1,057.0	\$ 842.8	\$ 222.4

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

The following represents MCBC's proportional share in MillerCoors of net income reported under the equity method (in millions):

	For the year ended December 31, 2010	For the year ended December 31, 2009	For the six months ended December 31, 2008
Net income attributable to MillerCoors	\$ 1,057.0	\$ 842.8	\$ 222.4
MCBC economic interest	42%	42%	42%
MCBC proportionate share of MillerCoors net income	443.9	354.0	93.4
MillerCoors accounting policy elections(1)	—	7.3	27.7
Amortization of the difference between MCBC contributed cost basis and proportional share of the underlying equity in net assets of MillerCoors(2)	6.9	11.7	36.7
Share-based compensation adjustment(3)	5.3	9.0	(2.2)
Equity income in MillerCoors	<u>\$ 456.1</u>	<u>\$ 382.0</u>	<u>\$ 155.6</u>

- (1) MillerCoors made its initial accounting policy elections upon formation, impacting certain asset and liability balances contributed by MCBC. Our investment basis in MillerCoors is based on the book value of the net assets we contributed to it. These adjustments reflect the impact on our investment in MillerCoors as a result of the differences resulting from accounting policy elections, the most significant of which was MillerCoors' election to value our contributed inventories using the first in, first out (FIFO) method, rather than the last in, first out (LIFO) method, which had been applied by us prior to the formation of MillerCoors, the impact of which was fully amortized in early 2009.
- (2) Our net investment in MillerCoors is based on the carrying values of the net assets we contributed to the joint venture which is less than our proportional share of underlying equity (42%) of MillerCoors (contributed by both us and SABMiller) by approximately \$624 million. This difference is being amortized as additional equity income over the remaining useful lives of long-lived assets giving rise to the difference. For non-depreciable assets, such as goodwill, no adjustment is being recorded unless there is an impairment in our overall investment. During the fourth quarter of 2008, MillerCoors recognized an impairment charge of \$65.0 million associated with its *Sparks* brand intangible asset. Included in our basis amortization income shown above is a credit of \$27.3 million, or 42% of that amount, as our proportional share of the underlying basis in the *Sparks* intangible asset was less than that of MillerCoors, no impairment existed at a MCBC level.
- (3) The net adjustment is to record all share-based compensation associated with pre-existing equity awards to be settled in MCBC Class B common stock held by our former employees now employed by MillerCoors and to eliminate all share-based compensation impacts related to preexisting SABMiller equity awards held by SABMiller employees now employed by MillerCoors.

During the year ended December 25, 2010, we recorded \$35.1 million and \$9.3 million of sales of beer to MillerCoors and purchase of beer from MillerCoors, respectively. In addition, we recorded \$4.1 million of service agreement and other charges to MillerCoors and \$1.2 million of service

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

agreement costs from MillerCoors. As of December 25, 2010, we had \$1.3 million due from MillerCoors related to activities mentioned above. During the year ended December 26, 2009, we recorded \$38.1 million and \$10.6 million of sales of beer to MillerCoors and purchase of beer from MillerCoors, respectively. In addition, we recorded \$12.7 million of service agreement and other charges to MillerCoors and \$1.6 million of service agreement costs from MillerCoors. As of December 26, 2009, we had \$5.4 million due from MillerCoors related to activities mentioned above. During the twenty-six weeks ended December 28, 2008, we recorded \$51.3 million and \$2.9 million of sales of beer to MillerCoors and purchase of beer from MillerCoors, respectively. In addition, we recorded \$5.8 million of service agreement charges to MillerCoors and \$0.6 million of service agreement costs from MillerCoors.

MCBC assigned the United States and Puerto Rican rights to the legacy Coors brands, including *Coors Light*, *Coors Banquet*, *Keystone Light* and the *Blue Moon* brands, to MillerCoors. We retained all ownership rights of these brands outside of the United States and Puerto Rico. In addition, we retained numerous water rights in Colorado. We lease these water rights to MillerCoors at no cost for use at their Golden, Colorado brewery.

There were no significant undistributed earnings in MillerCoors as of December 25, 2010 or December 26, 2009.

All Other Equity Investments***Tradeteam Ltd.***

Tradeteam, a joint venture between us and DHL in which we have a 49.9% interest, has an exclusive contract with us to provide transportation and logistics services in the U.K. until 2018. Our approximate financial commitments under the distribution contract with Tradeteam are as follows:

	<u>Amount</u> (In millions)
2011	\$ 134.2
2012	138.2
2013	142.4
2014	146.7
2015	151.1
Thereafter	275.8
Total	\$ 988.4

The financial commitments on termination of the distribution agreement are to essentially take over property, assets and people used by Tradeteam to deliver the service to us, paying Tradeteam's net book value for assets acquired which approximates \$40.7 million as of December 25, 2010.

Services provided under the Tradeteam contract were approximately \$117.6 million, \$118.4 million, and \$146.6 million for the years ended December 25, 2010, December 26, 2009, and December 28, 2008, respectively. As of December 25, 2010 and December 26, 2009, we had \$14.2 million and \$10.2 million due to Tradeteam for services provided.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

Montréal Canadiens

Molson Hockey Holdings, Inc. ("MHHI"), a wholly-owned subsidiary of the Company, owned a 19.9% indirect common ownership in the Montréal Canadiens professional hockey team, the Gillett Entertainment Group and certain related assets (collectively, the "Club"). An independent party owned the controlling 80.1% common ownership interest in the Club. During the fourth quarter of 2009, CH Group Limited Partnership / Société en commandite Group CH ("CH Group") purchased the controlling 80.1% common ownership interest in the Club, as well as the interest in the ground lease of the Bell Centre arena in Montréal (the "Bell Centre") from the majority owner of the Club, an independent third-party. The general partner of CH Group and one of its limited partners are entities affiliated with Andrew and Geoff Molson, who are both members of the Board of Directors of the Company.

In connection with CH Group's purchase of the controlling common ownership interest in the Club and the Bell Centre, effective December 1, 2009, MHHI sold its 19.9% common ownership interest in the Club to CH Group. The Company received net proceeds of CAD 56.3 million (\$53.3 million), which is equal to the sale price for the Company's interest reduced by a portion of the debt obligations of the Club assumed by the CH Group, and recognized a gain of CAD 48.7 million (\$46.0 million) related to this transaction. The selling price of our interest in the Club was based on the price at which CH Group purchased the 80.1% controlling interest in the Club from the majority owner, an independent third party.

As part of its ownership of the Club, the Company was historically obligated under two principal financial guarantees: a consent agreement with the NHL (the "Consent Agreement"), which required the direct and indirect owners of the Club to abide by certain funding requirements related to the ownership of the Club, including those provided in a shareholders' agreement; and a guarantee of the Club's majority owner's obligations under a ground lease for the Bell Centre (the "Ground Lease Guarantee"). In connection with the sale of our common ownership interest in the Club, we were released from our obligations under the Consent Agreement, but remain obligated under the Ground Lease Guarantee. However, CH Group agreed to indemnify the Company in connection with the liabilities we may incur under the Ground Lease Guarantee and provided the Company with a CAD 10 million (\$9.5 million) letter of credit to guarantee such indemnity. This transaction did not materially affect our risk exposure related to the Ground Lease Guarantee, which continues to be recognized as a liability on our balance sheet. The gain that we recognized on the sale of our common ownership interest in the Club reflects the release of a CAD 4.5 million (\$4.3 million) liability associated with the Consent Agreement.

Brewers' Retail Inc.

BRI, a VIE, is a beer distribution and retail network for the Ontario region of Canada, owned by MCBC, Anheuser-Busch InBev ("ABI") and Sleeman. BRI operates on a break-even basis. MCBC has historically consolidated BRI as its primary beneficiary. Contractual provisions cause our variable interests to fluctuate requiring frequent evaluations as to primary beneficiary status. Acquisition activity by ABI caused our variable interest to decrease to a level indicating that we are no longer the primary beneficiary and, as such, we deconsolidated BRI from our financial statements during the first quarter of 2009. The deconsolidation does not impact our continuing involvement with BRI, which will remain the same. Further, following the deconsolidation, BRI remains a related party.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

BRI's liabilities exceeded its assets at the date of deconsolidation (negative book value), by \$90.3 million. We recorded a liability of \$74.3 million associated with the recognition of the fair value of our proportionate share of the guarantee we maintain with regard to BRI's debt obligations. We determined the fair value of the guarantee based upon our share of BRI's total debt obligation adjusted for nonperformance risk—considered a level 3 input. Because we have an obligation to proportionately fund BRI's obligations, the difference between net carrying value and the fair value of our retained equity interest in BRI was recorded as an adjustment to our BRI investment, effectively resulting in a negative equity method basis of \$16 million. Therefore, no gain was recognized upon deconsolidation. Additionally, because of our continued obligation, we continue to record our proportional share of BRI's net income or loss, despite our negative equity method basis. Administrative fees under the agreement with BRI were approximately \$93.9 million and \$89.2 million for the years ended December 25, 2010 and December 26, 2009, respectively. As of December 25, 2010 and December 26, 2009, we had \$37.9 million and \$44.3 million due from BRI related to services under the administrative fees agreement, respectively.

Brewers' Distributor Ltd.

BDL, a VIE, is a distribution operation owned by MCBC and ABI (collectively, the "Members") and pursuant to an operating agreement, acts as an agent for the distribution of their products in the western provinces of Canada. The two Members share 50%/50% voting control of this business.

BDL charges the Members administrative fees that are designed so the entity operates at break-even profit levels. This administrative fee is based on costs incurred, net of other revenues earned, and is allocated in accordance with the operating agreement to the Members based on volume of products. No other parties are allowed to sell beer through BDL, which does not take legal title to the beer distributed for the Members. Administrative fees under the contract were approximately \$38.5 million, \$43.9 million, and \$52.8 million for the years ended December 25, 2010, December 26, 2009, and December 28, 2008, respectively. As of December 25, 2010 and December 26, 2009, we had \$19.9 million and \$22.0 million due from BDL, respectively, related to services under the administrative fees agreement.

Modelo Molson Imports, L.P.

MMI, a 50%/50% joint venture with Modelo, imports, distributes, and markets the Modelo beer brand portfolio across all Canadian provinces and territories. Our sales team is responsible for selling the brands across Canada on behalf of the joint venture. We account for MMI, a VIE, under the equity method of accounting. During 2010, 2009 and 2008, we incurred \$12.3 million, \$7.6 million and \$13.8 million, respectively, of costs payable to MMI. As of December 25, 2010 and December 26, 2009, we had \$15.5 million due to and \$0.2 million due from MMI, respectively, related to activities under the operating agreement.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

Summarized financial information for Tradeteam, the Montréal Canadiens, BRI, BDL, and MMI combined is as follows (in millions):

Results of operations

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
Net sales	\$ 810.4	\$ 996.9	\$ 926.8
Cost of goods sold	(427.7)	(487.4)	(565.2)
Gross profit	\$ 382.7	\$ 509.5	\$ 361.6
Operating income	\$ 48.8	\$ 47.0	\$ 90.1
Net Income	\$ 40.7	\$ 22.0	\$ 63.2

Condensed Combined Balance sheets

	As of	
	December 25, 2010	December 26, 2009
Current assets	\$ 410.9	\$ 377.4
Noncurrent assets	358.1	348.5
Total assets	\$ 769.0	\$ 725.9
Current liabilities	\$ 670.2	\$ 443.2
Noncurrent liabilities	99.3	283.3
Total liabilities	769.5	726.5
Owners' equity	(0.5)	(0.6)
Total liabilities and owner's equity	\$ 769.0	\$ 725.9

There were no significant undistributed earnings as of December 25, 2010 or December 26, 2009 for any of the companies included in other equity investments above.

Consolidated Variable Interest Entities***Rocky Mountain Metal Container***

Rocky Mountain Metal Container ("RMMC"), a Colorado limited liability company, is a joint venture with Ball Corporation in which MillerCoors holds and consolidates a 50% interest. RMMC produces cans and ends for MillerCoors. Prior to the formation of MillerCoors on July 1, 2008, we held the 50% interest in RMMC and consolidated the results and financial position of RMMC. MCBC remains the guarantor of approximately \$32.8 million and \$37.4 million of RMMC debt at December 25, 2010 and December 26, 2009, respectively.

Rocky Mountain Bottle Company

Rocky Mountain Bottle Company ("RMBC"), a Colorado limited liability company, is a joint venture with Owens-Brockway Glass Container, Inc. in which MillerCoors holds and consolidates a

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)

50% interest. RMBC produces glass bottles at MillerCoors' glass manufacturing facility for use at its Golden and other breweries. Prior to the formation of MillerCoors on July 1, 2008, we held the 50% interest in RMMC and consolidated the results and financial position of RMMC. The results and financial position of RMBC were consolidated in our financial statements during the first half of 2008.

Grolsch

Grolsch is a joint venture between us and Royal Grolsch N.V. in which we hold a 49% interest. The Grolsch joint venture markets *Grolsch* branded beer in the United Kingdom and the Republic of Ireland. The majority of the *Grolsch* branded beer is produced by us under a contract brewing arrangement with the joint venture. MCBC and Royal Grolsch N.V. sell beer to the joint venture, which sells the beer back to MCBC (for onward sale to customers) for a price equal to what it paid, plus a marketing and overhead charge and a profit margin. Grolsch is a taxable entity in the U.K. Accordingly, income tax expense in our Consolidated Statements of Operations includes taxes related to the entire income of the joint venture.

Cobra Beer Partnership, Ltd

During the second quarter of 2009, we purchased 50.1% of Cobra Beer Partnership, Ltd ("CBPL"), which owns the world-wide rights to the Cobra beer brand (with the exception of the Indian sub-continent). The non-controlling interest is held by the founder of the Cobra beer brand. We consolidate the results and financial position of CBPL and it is reported within our U.K. operating segment. We have not presented pro forma information, as the acquisition of CBPL is not material to our results of operations or financial position.

The following summarizes the assets and results of operations of our consolidated joint ventures (including noncontrolling interests). None of our consolidated VIEs held debt as of December 25, 2010 or December 26, 2009.

	For the years ended/As of							
	December 25, 2010			December 26, 2009			December 28, 2008	
	Total Assets(1)	Revenues(2)	Pre-tax income	Total Assets(1)	Revenues(2)	Pre-tax income	Revenues(2)	Pre-tax income
BRI	\$ —	\$ —	\$ —	\$ —	\$ 40.4	\$ —	\$ 271.1	\$ —
RMMC (3)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 157.6	\$ 3.7
RMBC (3)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56.5	\$ 14.7
Grolsch	\$ 14.1	\$ 30.1	\$ 4.3	\$ 22.7	\$ 37.8	\$ 5.7	\$ 61.2	\$ 8.5
Cobra	\$ 32.7	\$ 39.2	\$ 6.9	\$ 32.3	\$ 21.2	\$ 1.9	\$ —	\$ —
Granville Island (4)	\$ —	\$ —	\$ —	\$ 28.7	\$ 4.6	\$ 0.2	\$ —	\$ —

(1) Excludes receivables from the Company.

(2) Substantially all such sales for RMMC, RMBC and Grolsch are made to the Company, and as such, are eliminated in consolidation. The BRI revenues for 2009 represent the first two months prior to deconsolidation.

(3) Deconsolidated upon formation of MillerCoors on July 1, 2008.

(4) During the second quarter of 2010, we acquired 100% of the outstanding stock and, as a result, Granville Island is no longer classified as a VIE.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Investments (Continued)**Other Investments***Granville Island Brewing Co., Ltd.*

During the fourth quarter of 2009, we entered into an agreement to acquire Granville Island Brewing Company, Ltd. and Mainland Beverage Distribution Ltd (collectively, "Granville Island"). Beginning in the fourth quarter of 2009, Granville Island was classified as a VIE and was consolidated by us as the primary beneficiary. Pursuant to the agreement entered into in 2009, we acquired 100% of the outstanding stock in the second quarter of 2010 and, as a result, Granville Island is no longer classified as a VIE. We continue to consolidate the results and financial position of Granville Island, and it is reported within our Canada segment. We have not presented pro forma information as the acquisition of Granville Island is not material to our financial position or results of operations.

Molson Coors Si'hai Brewing (China) Co., Ltd

During the third quarter of 2010, we acquired a controlling 51% interest in MC-Si'hai, a joint venture with the previous owner of the Si'hai beer brand and production facilities, Hebei Si'hai Beer Company. We consolidate the results and financial position of MC-Si'hai, and it is reported within our MCI and Corporate segment. We have not presented pro forma information as the acquisition of MC-Si'hai is not material to our financial position or results of operations.

5. Discontinued Operations

In 2006, we sold our entire equity interest in our Brazilian unit, Cervejarias Kaiser Brasil S.A. ("Kaiser"), to FEMSA Cerveza S.A. de C.V. ("FEMSA").

The terms of the sale agreement require us to indemnify FEMSA for exposures related to certain tax, civil and labor contingencies arising prior to FEMSA's purchase of Kaiser (See Note 20, "Commitments and Contingencies").

The table below summarizes the income (loss) from discontinued operations, net of tax, presented on our consolidated statements of operations:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Gain related to settlement of a portion of our indemnity liabilities to FEMSA (See "Note 20")	\$ 42.6	\$ —	\$ —
Loss related to adjustment in legal reserves	(1.5)	—	—
Adjustments to indemnity liabilities due to changes in estimates, foreign exchange gains and losses, and accretion expense	(1.5)	(9.0)	(12.1)
Income (loss) from discontinued operations, net of tax	<u>\$ 39.6</u>	<u>\$ (9.0)</u>	<u>\$ (12.1)</u>

As of December 25, 2010 and December 26, 2009, included in current assets of discontinued operations on the balance sheet are \$0.6 million and \$9.9 million of deferred tax assets associated with these indemnity liabilities, respectively. Current liabilities of discontinued operations include current legal reserves of \$4.4 million and \$2.9 million as of December 25, 2010 and December 26, 2009, respectively, and current tax liabilities of \$9.9 million as of December 26, 2009.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Income and Expense

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Gain (loss) from Foster's swap and related financial instruments(1)	\$ 47.9	\$ 0.7	\$ (4.4)
Gain (loss) from foreign exchange and derivatives	(3.4)	5.4	(3.0)
Gain on disposals of non-operating long-lived assets	—	—	1.7
Gain on sale of Montréal Canadiens	—	46.0	—
Equity income (loss) of unconsolidated affiliates, other than MillerCoors, net	—	(1.2)	3.1
Environmental reserve	0.2	(1.5)	(4.4)
Asset impairments of non-operating assets	—	—	(0.2)
Loss on non-operating leases	(1.0)	(3.6)	(2.4)
Other, net	0.2	3.6	1.2
Other income (expense), net	<u>\$ 43.9</u>	<u>\$ 49.4</u>	<u>\$ (8.4)</u>

(1) During the third quarter of 2008, we entered into a cash settled total return swap with Deutsche Bank in order to gain an economic interest exposure to Foster's Group Limited's ("Foster's") stock (ASX:FGL) (see Note 18, "Derivative Instruments and Hedging Activities"). During the third quarter of 2010, we accelerated the maturity dates of our total return swaps related to Foster's stock, and the majority of these swaps were settled prior to year end. Simultaneously, we entered into a series of option contracts to limit our exposure to future changes in Foster's stock price, effectively fixing a range of settlement values for our remaining open swap positions. The remaining total return swaps and related options matured in January of 2011.

7. Income Tax

The pre-tax income on which the provision for income taxes was computed is as follows:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Domestic	\$ 779.3	\$ 477.1	\$ 372.7
Foreign	29.7	240.4	126.7
Total	<u>\$ 809.0</u>	<u>\$ 717.5</u>	<u>\$ 499.4</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Tax (Continued)

Income tax expense (benefit) includes the following current and deferred provisions:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Current:			
Federal	\$ 7.5	\$ (51.3)	\$ (8.1)
State	24.6	9.6	0.4
Foreign	38.7	(100.8)	25.5
Total current tax expense (benefit)	\$ 70.8	\$ (142.5)	\$ 17.8
Deferred:			
Federal	\$ 86.9	\$ 87.0	\$ 60.2
State	5.2	14.7	15.4
Foreign	(24.2)	26.1	3.0
Total deferred tax expense (benefit)	\$ 67.9	\$ 127.8	\$ 78.6
Total income tax expense (benefit) from continuing operations	\$ 138.7	\$ (14.7)	\$ 96.4

Our income tax expense varies from the amount expected by applying the statutory federal corporate tax rate to income as follows:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefits	2.0%	2.0%	1.3%
Effect of foreign tax rates	(20.2)%	(21.7)%	(21.1)%
Effect of foreign tax law and rate changes	0.7%	(2.7)%	—
Effect of unrecognized tax benefits	0.8%	(18.8)%	(1.8)%
Effect of MillerCoors one-time costs	—	—	3.3%
Other, net	(1.2)%	4.2%	2.6%
Effective tax rate	17.1%	(2.0)%	19.3%

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Tax (Continued)

Our deferred taxes are composed of the following:

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Current deferred tax assets:		
Compensation related obligations	\$ 0.6	\$ 0.8
Accrued liabilities and other	46.5	42.4
Tax credit carryforward	5.4	21.1
Other	0.2	—
Total current deferred tax assets	52.7	64.3
Current deferred tax liabilities:		
Partnership investments	259.3	217.7
Balance sheet reserves and accruals	13.0	13.1
Other	—	0.6
Total current deferred tax liabilities	272.3	231.4
Net current deferred tax assets(1)	—	—
Net current deferred tax liabilities(1)	\$ 219.6	\$ 167.1

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Tax (Continued)

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Non-current deferred tax assets:		
Compensation related obligations	\$ 20.0	\$ 12.2
Postretirement benefits	149.9	220.0
Foreign exchange losses	212.1	182.4
Convertible debt	1.3	1.4
Tax loss carryforwards	79.9	24.3
Intercompany financing	14.9	15.2
Partnership investments	23.0	14.5
Accrued liabilities and other	20.5	27.9
Valuation allowance	(39.0)	(19.6)
Total non-current deferred tax assets	482.6	478.3
Non-current deferred tax liabilities:		
Fixed assets	119.8	120.8
Partnership investments	49.7	68.8
Intangibles	589.1	575.5
Other	2.5	3.3
Total non-current deferred tax liabilities	761.1	768.4
Net non-current deferred tax asset(1)	<u>\$ —</u>	<u>\$ —</u>
Net non-current deferred tax liability(1)	<u>\$ 278.5</u>	<u>\$ 290.1</u>

(1) Our net deferred tax assets and liabilities are presented and composed of the following:

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Domestic net current deferred tax liabilities	\$ 152.6	\$ 88.9
Foreign net current deferred tax liabilities	67.0	78.2
Net current deferred tax liabilities	\$ 219.6	\$ 167.1
Domestic net non-current deferred tax assets	\$ 188.2	\$ 133.0
Foreign net non-current deferred tax assets	—	44.9
Foreign net non-current deferred tax liabilities	466.7	468.0
Net non-current deferred tax liabilities	\$ 278.5	\$ 290.1

Our full year effective tax rate was approximately 17% in 2010, -2% in 2009, and 19% in 2008. Our effective tax rates were significantly lower than the federal statutory rate of 35% primarily due to the impact of lower effective income tax rates applicable to our Canadian and U.K. businesses. Our 2009 effective tax rate was unusually low due to the favorable resolution of unrecognized tax positions during 2009, which reduced our effective tax rate by 18.8%.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. Income Tax (Continued)**

The Company has U.S. federal and state net operating losses and foreign tax credit carryforwards. The tax effect of these attributes is \$4.3 million at December 25, 2010, and \$24.9 million at December 26, 2009, which will expire between 2011 and 2031. The measurement of deferred tax assets is reduced by a valuation allowance if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As a result, The Company has established a valuation allowance in the amount of \$1.0 million and \$1.0 million at December 25, 2010, and December 26, 2009, respectively. In addition, the Company has Canadian federal and provincial net operating loss and capital loss carryforwards. The tax effect of these attributes is \$72.2 million at December 25, 2010 and \$11.1 million at December 26, 2009. The Canadian loss carryforwards will expire between 2013 and 2030. The Company believes, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized, and has established a valuation allowance in the amount of \$1.8 million and \$1.9 million at December 25, 2010 and December 26, 2009, respectively. In addition, the Company has U.K. capital loss carryforwards. The tax effect of these attributes was \$8.7 million at December 25, 2010 and \$9.4 million at December 26, 2009. The U.K. capital loss carryforwards do not expire.

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns; however, the amount ultimately paid upon resolution of issues may differ materially from the amount accrued. As of December 26, 2009, we had \$71.5 million of unrecognized tax benefits. Since December 26, 2009, unrecognized tax benefits increased by \$12.6 million. This increase represents the net of increases due to fluctuation in foreign exchange rates, additional unrecognized tax benefits, accrued penalties, and interest accrued for the current year, and decreases primarily due to tax years closing or being effectively settled and payments made to tax authorities with regard to unrecognized tax benefits during 2010, resulting in total unrecognized tax benefits of \$84.1 million as of December 25, 2010. If recognized, the full amount of the unrecognized tax benefits would affect the effective tax rate as of December 25, 2010 compared with \$71.5 million as of December 26, 2009. During 2011, the Company does not expect any significant increases or decreases to unrecognized tax benefits. We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense. Anticipated interest and penalty payments of \$8.4 million and \$5.8 million were accrued in unrecognized tax benefits as of December 25, 2010 and December 26, 2009, respectively. We recognized an income tax expense of \$2.6 million and income tax benefit of \$29.3 million for the net increase and net reduction of interest and penalties on unrecognized tax benefits as of December 25, 2010 and December 26, 2009, respectively.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Tax (Continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Balance at beginning of year	\$ 72.3	\$ 206.1	\$ 269.4
Additions for tax positions related to the current year	6.9	26.0	20.8
Additions for tax positions of prior years	6.5	1.8	8.9
Reductions for tax positions of prior years	(1.0)	(74.1)	(38.8)
Settlements	(0.8)	(11.4)	(4.8)
Release due to statute expiration	(1.6)	(92.1)	(4.2)
Foreign currency adjustment	2.6	16.0	(45.2)
Balance at end of year	<u>\$ 84.9</u>	<u>\$ 72.3</u>	<u>\$ 206.1</u>

We file income tax returns in most of the federal, state, and provincial jurisdictions in the U.S., U.K., and Canada. Tax years through 2006 are closed, while exam years 2007 and 2008 have been effectively settled and only remain open pending finalization of an Advanced Pricing Agreement ("APA"). Tax years through fiscal year ended February 8, 2005 are closed or have been effectively settled through examination in Canada. Tax years through 2007 are closed or have been effectively settled through examination in the U.K.

We have elected to treat our portion of all foreign subsidiary earnings through December 25, 2010 as permanently reinvested under the accounting guidance and accordingly, have not provided any U.S. federal or state tax thereon. As of December 25, 2010, approximately \$965 million of retained earnings attributable to foreign subsidiaries was considered to be indefinitely invested. The Company's intention is to reinvest the earnings permanently or to repatriate the earnings when it is tax effective to do so. It is not practicable to determine the amount of incremental taxes that might arise were these earnings to be remitted. However, the Company believes that U.S. foreign tax credits would largely eliminate any U.S. taxes and offset any foreign withholding taxes due on remittance.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Unusual or Infrequent Items

We have incurred charges or gains that we do not believe to be indicative of our core operations. As such, we have separately classified these costs as special items.

Summary of Special Items

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Canada—Restructuring, exit and other related costs associated with the Edmonton and Montreal breweries(1)	\$ 1.0	\$ 7.6	\$ 10.9
Canada—Ontario Retiree Pension incentive(2)	3.2	—	—
Canada—Software abandonment(3)	12.8	—	—
Canada—Pension curtailment(4)	—	5.3	—
U.S.—MillerCoors joint venture associated costs(5)	—	—	37.9
U.S.—Impairment of Molson brands intangible asset(6)	—	—	50.6
U.S.—Impairments of fixed assets(7)	—	—	2.6
U.S.—Gain on sale of distribution businesses(8)	—	—	(21.8)
U.K.—Non-income-related tax reserve(9)	—	10.4	—
U.K.—Restructuring charges and related exit costs(10)	2.6	2.8	8.6
U.K.- Pension curtailment gain(11)	—	—	(10.4)
U.K.—Other, net	0.5	—	—
U.K.—Costs associated with Cobra Beer partnership(12)	—	5.7	—
U.K.—Gain on sale of non-core business (13)	—	—	(2.7)
MCI and Corporate—Costs associated with the MillerCoors joint venture(14)	—	—	28.8
MCI and Corporate—Costs associated with outsourcing and other strategic initiatives	1.2	0.9	29.4
Total special items	\$ 21.3	\$ 32.7	\$ 133.9

(1) During the 2010, 2009 and 2008, the Canada segment recognized expenses for restructuring costs associated with the employee terminations and impairment of assets at the Montreal and Edmonton breweries.

(2) During 2010, the Canada segment recognized special termination benefits related to changes to defined benefit pension plans (see Note 16, "Employee Retirement Plans").

(3) During 2010, a capital asset write-off and associated costs were recorded related to the abandonment of sales support software, which had been under development, as a result of a change in strategic direction relative to the use of the software.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Unusual or Infrequent Items (Continued)

- (4) During 2009, the Canada segment recognized a pension curtailment loss and restructuring costs associated with employee terminations at the Montreal brewery driven by MillerCoors' decision to produce Blue Moon products at its breweries in the U.S.
- (5) During the first six months of 2008, prior to the formation of MillerCoors, the U.S. segment incurred a number of special charges, including employee retention and incremental bonus costs and integration planning costs related to the formation of MillerCoors.
- (6) During 2008, the U.S. segment recorded an intangible asset impairment charge related to the decline in value of Molson brands sold in the U.S.
- (7) During 2008, the U.S. segment recognized impairments on certain brewing assets.
- (8) During 2008, the U.S. segment realized gains on the sale of two beer distribution businesses in Colorado.
- (9) During 2009, the U.K. segment established a non-income-related tax reserve. Our current estimates indicate a range of possible loss relative to this reserve of \$0 to \$22.3 million, inclusive of potential penalties and interest.
- (10) During 2010, the U.K. segment recognized employee termination costs primarily related to supply chain restructuring activity resulting from on-going company-wide efforts to increase efficiency throughout the segment. During 2009 and 2008, the U.K. segment recognized employee termination costs related to supply chain restructuring activity and company-wide efforts to increase efficiency in certain finance, information technology and human resource activities by outsourcing portions of those functions.
- (11) During 2008, the U.K. segment recognized a pension curtailment gain associated with the cessation of employee service credit to its defined benefit pension plan (see Note 16, "Employee Retirement Plans").
- (12) During 2008, the U.K. segment realized a gain on the sale of a non-core business.
- (13) During 2008, the Corporate group incurred deal costs and integration planning costs associated with the formation of MillerCoors.
- (14) During 2008, the Corporate group recognized transition costs paid to our third-party vendor associated with the start-up of our outsourced administrative functions. In January 2008, we signed a contract with a third-party service provider to outsource a significant portion of our general and administrative back-office functions in all of our operating segments and the corporate office. This outsourcing initiative was a key component of our Resources for Growth cost reduction program.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Unusual or Infrequent Items (Continued)

The table below summarizes the activity in the restructuring accruals by segment:

	Canada	U.S.	U.K.
	Severance and other employee-related costs	Severance and other employee-related costs	Severance and other employee-related costs
	(In millions)		
Balance at December 30, 2007	\$ 4.2	\$ 2.6	\$ 2.5
Charges incurred	1.8	(0.1)	8.6
Payments made	(4.1)	(2.5)	(7.9)
Foreign currency and other adjustments	(0.5)	—	(1.1)
Balance at December 28, 2008	\$ 1.4	\$ —	\$ 2.1
Charges incurred	3.0	—	6.0
Payments made	(4.0)	—	(6.1)
Foreign currency and other adjustments	0.2	—	0.3
Balance at December 26, 2009	\$ 0.6	\$ —	\$ 2.3
Charges incurred	0.1	—	2.6
Payments made	(0.5)	—	(2.6)
Foreign currency and other adjustments	—	—	(0.1)
Balance at December 25, 2010	<u>\$ 0.2</u>	<u>\$ —</u>	<u>\$ 2.2</u>

9. Stockholders' Equity

Changes to the number of shares of capital stock issued were as follows:

	Common stock issued		Exchangeable shares issued	
	Class A	Class B	Class A	Class B
(Share amounts in millions)				
Balances at December 30, 2007	2.7	149.6	3.3	25.1
Shares issued under equity compensation plans	—	3.1	—	—
Shares exchanged for common stock	—	4.4	(0.1)	(4.2)
Balances at December 28, 2008	2.7	157.1	3.2	20.9
Shares issued under equity compensation plans	—	1.5	—	—
Shares exchanged for common stock	(0.1)	0.8	—	(0.7)
Balances at December 26, 2009	2.6	159.4	3.2	20.2
Shares issued under equity compensation plans	—	1.4	—	—
Shares exchanged for common stock	—	1.2	(0.2)	(1.0)
Balances at December 25, 2010	<u>2.6</u>	<u>162.0</u>	<u>3.0</u>	<u>19.2</u>

Preferred Stock

At December 25, 2010 and December 26, 2009, 25.0 million shares of no par value preferred stock were authorized but not issued.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Stockholders' Equity (Continued)

Class A and Class B Common Stock

Dividend Rights

Subject to the rights of the holders of any series of preferred stock, holders of our Class A common stock ("Class A common stock") are entitled to receive, from legally available funds, dividends when and as declared by the Board of Directors of Molson Coors, except that so long as any shares of our Class B common stock ("Class B common stock") are outstanding, no dividend will be declared or paid on the Class A common stock unless at the same time a dividend in an amount per share (or number per share, in the case of a dividend paid in the form of shares) equal to the dividend declared or paid on the Class A common stock is declared or paid on the Class B common stock.

Voting Rights

Except in limited circumstances, including the right of the holders of the Class B common stock and our special Class B voting stock (through which holders of Class B exchangeable shares vote) voting together as a single class to elect three directors to the Molson Coors Board of Directors, the right to vote for all purposes is vested exclusively in the holders of the Class A common stock and our special Class A voting stock, voting together as a single class. The holders of Class A common stock are entitled to one vote for each share held, without the right to cumulate votes for the election of directors.

An affirmative vote of a majority of the votes entitled to be cast by the holders of the Class A common stock and special Class A voting stock (through which holders of Class A exchangeable shares vote), voting together as a single class, is required prior to the taking of certain actions, including:

- the issuance of any shares of Class A common stock or securities convertible into Class A common stock (other than upon the conversion of Class B common stock under circumstances provided in the Restated Certificate of Incorporation ("Certificate of Incorporation") or the exchange or redemption of Class A exchangeable shares in accordance with the terms of those exchangeable shares) or securities (other than Class B common stock) convertible into or exercisable for Class A common stock;
- the issuance of shares of Class B common stock (other than upon the conversion of Class A common stock under circumstances provided in the Certificate of Incorporation or the exchange or redemption of Class B exchangeable shares in accordance with the terms of those exchangeable shares) or securities (other than Class A common stock) that are convertible into or exercisable for Class B common stock, if the number of shares to be issued is equal to or greater than 20% of the number of outstanding shares of Class B common stock;
- the issuance of any preferred stock having voting rights other than those expressly required by Delaware law;
- the sale, transfer or other disposition of any capital stock (or securities convertible into or exchangeable for capital stock) of subsidiaries;
- the sale, transfer or other disposition of all or substantially all of the assets of the Company; and
- any decrease in the number of members of the Molson Coors Board of Directors to a number below 15.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Stockholders' Equity (Continued)

Pentland Securities (1981) Inc. (the "Pentland Trust") and Adolph Coors, Jr. Trust (the "Coors Trust"), which together control more than 90% of the Company's Class A common stock and Class A exchangeable shares, have voting trust agreements through which they have combined their voting power over the shares of our Class A common stock and the Class A exchangeable shares that they own. However, in the event that these two stockholders do not agree to vote in favor of a matter submitted to a stockholder vote (other than the election of directors), the voting trustees will be required to vote all of the Class A common stock and Class A exchangeable shares deposited in the voting trusts against the matter. There is no other mechanism in the voting trust agreements to resolve a potential deadlock between these stockholders.

The Certificate of Incorporation provides the holders of Class B common stock and special Class B voting stock, voting together as a single class, the right to elect three directors to the Molson Coors Board of Directors. In addition, the holders of Class B common stock and special Class B voting stock, voting together as a single class, have the right to vote on specified transactional matters. The holders of Class B common stock are entitled to one vote for each share held with respect to each matter on which holders of the Class B common stock are entitled to vote, without the right to cumulate votes for the election of directors.

Rights Upon Dissolution or Wind Up

If Molson Coors liquidates, dissolves or winds up its affairs, the holders of Class A common stock, together with the holders of the Class B common stock, would be entitled to receive, after Molson Coors' creditors have been paid and the holders of any then outstanding series of preferred stock have received their liquidation preferences, all of the remaining assets of Molson Coors in proportion to their share holdings. Holders of Class A and Class B common stock do not have pre-emptive rights to acquire any securities of Molson Coors. The outstanding shares of Class A and Class B common stock are fully paid and non-assessable.

Conversion Rights

The Certificate of Incorporation provides for the right of holders of Class A common stock to convert their stock into Class B common stock on a one-for-one basis at any time.

Exchangeable Shares

The Class A exchangeable shares and Class B exchangeable shares were issued by Molson Coors Canada Inc. ("MCCI") a wholly-owned subsidiary. The exchangeable shares are substantially the economic equivalent of the corresponding shares of Class A and Class B common stock that a Molson shareholder would have received in the Merger if the holder had elected to receive shares of Molson Coors common stock. Holders of exchangeable shares also receive, through a voting trust, the benefit of Molson Coors voting rights, entitling the holder to one vote on the same basis and in the same circumstances as one corresponding share of Molson Coors common stock.

The exchangeable shares are exchangeable at any time, at the option of the holder on a one-for-one basis for corresponding shares of Molson Coors common stock.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Stockholders' Equity (Continued)

Holders of exchangeable shares are entitled to receive, subject to applicable law, dividends as follows:

- in the case of a cash dividend declared on a corresponding share of Molson Coors common stock, an amount in cash for each exchangeable share corresponding to the cash dividend declared on each corresponding share of Molson Coors common stock in USD or in an equivalent amount in CAD;
- in the case of a stock dividend declared on a corresponding share of Molson Coors common stock to be paid in shares of Molson Coors common stock, in the number of exchangeable shares of the relevant class for each exchangeable share that is equal to the number of shares of corresponding Molson Coors common stock to be paid on each corresponding share of Molson Coors common stock; or
- in the case of a dividend declared on a corresponding share of Molson Coors common stock in any other type of property, in the type and amount of property as is economically equivalent as determined by MCCI's Board of Directors to the type and amount of property to be paid on each corresponding share of Molson Coors common stock.

The declaration dates, record dates and payment dates for dividends on the exchangeable shares are the same as the relevant dates for the dividends on the shares of corresponding Molson Coors common stock.

10. Earnings Per Share

Basic income per common share was computed using the weighted average number of shares of common stock outstanding during the period. Diluted income per share includes the additional dilutive effect of our potentially dilutive securities, which include certain stock options ("options"), stock-only stock appreciation rights ("SOSAR"), restricted stock units ("RSU"), deferred stock units ("DSU"), performance shares ("PSU") and performance units ("PU"). The dilutive effects of our potentially dilutive securities are calculated using the treasury stock method. Diluted income per share could also be impacted by our convertible debt and related warrants outstanding if they were in the money.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Earnings Per Share (Continued)

The following summarizes the effect of dilutive securities on diluted EPS:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
(In millions, except per share amounts)			
Net income attributable to MCBC	\$ 707.7	\$ 720.4	\$ 378.7
Weighted average shares for basic EPS	185.9	184.4	182.6
Effect of dilutive securities:			
Options, LOSARs and SOSARs	0.9	1.0	1.8
RSUs, PUs and DSUs	0.5	0.5	1.1
Weighted average shares for diluted EPS	187.3	185.9	185.5
Basic income (loss) per share:			
From continuing operations	\$ 3.59	\$ 3.96	\$ 2.14
From discontinued operations	0.21	(0.05)	(0.07)
Basic income per share	\$ 3.80	\$ 3.91	\$ 2.07
Diluted income (loss) per share:			
From continuing operations	\$ 3.57	\$ 3.92	\$ 2.11
From discontinued operations	0.21	(0.05)	(0.07)
Diluted income per share	\$ 3.78	\$ 3.87	\$ 2.04
Dividends declared and paid per share	\$ 1.08	\$ 0.92	\$ 0.76

Our calculation of weighted average shares includes Class A common stock and Class B common stock, and Class A exchangeable shares and Class B exchangeable shares. All classes of stock have in effect the same dividend rights and share equitably in undistributed earnings. Holders of Class A common stock receive dividends only to the extent dividends are declared and paid to holders of Class B common stock. See Note 9, "Stockholders' Equity," for further discussion of the features of the Class A common stock and Class B common stock and Class A exchangeable shares and Class B exchangeable shares.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Earnings Per Share (Continued)

The following anti-dilutive securities were excluded from the computation of the effect of dilutive securities on earnings per share for the following periods:

	For the years ended		
	December 25, 2010	December 26, 2009 (In millions)	December 28, 2008
Options, SOSARs and RSUs(1)	0.7	0.6	0.3
Shares issuable upon assumed conversion of the 2.5% Convertible Senior Notes to issue Class B common shares(2)	10.5	10.5	10.5
Warrants to issue Class B common shares (2)	10.5	10.5	10.5
	21.7	21.6	21.3

(1) Exercise prices exceed the average market price of the common shares or are anti-dilutive due to the impact of the unrecognized compensation cost on the calculation of assumed proceeds in the application of the treasury stock method. See Note 14, "Share-Based Payments," for further discussion of these items.

(2) As discussed in Note 13, "Debt," we issued \$575 million of senior convertible notes in June 2007. The impact of a net share settlement of the conversion amount at maturity will begin to dilute earnings per share when our stock price reaches \$54.01. The impact of stock that could be issued to settle share obligations we could have under the warrants we issued simultaneously with the convertible notes issuance will begin to dilute earnings per share when our stock price reaches \$68.78. The potential receipt of MCBC stock from counterparties under our purchased call options when and if our stock price is between \$54.01 and \$68.78 would be anti-dilutive and excluded from any calculations of earnings per share.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Properties

The cost of properties and related accumulated depreciation and amortization consists of the following:

	As of	
	December 25, 2010 (In millions)	December 26, 2009
Land and improvements	\$ 102.0	\$ 105.7
Buildings and improvements	341.8	324.9
Machinery and equipment	1,243.9	1,207.7
Returnable containers	202.2	215.2
Furniture and fixtures	309.2	292.3
Software	47.9	42.2
Natural resource properties	3.0	3.0
Construction in progress	65.2	44.4
Total properties cost	2,315.2	2,235.4
Less accumulated depreciation and amortization	(926.5)	(888.0)
Net properties	\$ 1,388.7	\$ 1,347.4

Depreciation expense was \$159.6 million, \$167.5 million and \$251.0 million for fiscal years 2010, 2009, and 2008, respectively. We estimate that the loss, breakage and deterioration of our returnable containers (including returnable bottles, kegs and pallets) is comparable to the depreciation calculated on an estimated useful life of approximately 15 years for returnable kegs, 4 years for returnable bottles and 2 years for pallets. Loss and breakage expense, included in the depreciation expense amounts noted above, was \$31.2 million, \$30.3 million and \$21.5 million for fiscal years 2010, 2009 and 2008, respectively, and is classified within Cost of goods sold in the Consolidated Statements of Operations. The expense recognition policy for including loss and breakage expense within Cost of goods sold has been applied consistently before and after the Balance Sheet classification change discussed in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" under the sub-heading, "Properties".

We own and maintain the dispensing equipment in on-premise retail outlets. Dispensing equipment that transfers the beer from the keg in the cellar to the glass is capitalized at cost upon installation and depreciated on a straight-line basis over lives of up to 7 years, depending on the nature and usage of the equipment. Labor and materials used to install dispensing equipment are capitalized and depreciated over 2 years. Dispensing equipment awaiting installation is held in inventory and valued at the lower of cost or market. Ordinary repairs and maintenance are expensed as incurred.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Properties (Continued)

The following table details the ranges of the useful economic lives assigned to depreciable property, plant and equipment for the periods presented:

	<u>Useful Economic Lives as of December 25, 2010</u>
Buildings and improvements	20 - 40 years
Machinery and equipment	3 - 25 years
Furniture and fixtures	3 - 10 years
Returnable containers	2 - 15 years

12. Goodwill and Intangible Assets

The following summarizes the changes in goodwill:

	<u>As of</u>	
	<u>December 25, 2010</u>	<u>December 26, 2009</u>
	(In millions)	
Balance at beginning of year	\$ 1,475.0	\$ 1,298.0
Foreign currency translation	5.2	164.0
Business acquisitions	8.6	13.0
Other	0.3	—
Balance at end of year	\$ 1,489.1	\$ 1,475.0

Goodwill was allocated between our segments as follows:

	<u>As of</u>	
	<u>December 25, 2010</u>	<u>December 26, 2009</u>
	(In millions)	
Canada	\$ 748.6	\$ 720.7
United Kingdom	731.4	754.3
MCI and Corporate	9.1	—
Consolidated	\$ 1,489.1	\$ 1,475.0

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Goodwill and Intangible Assets (Continued)

The following table presents details of our intangible assets, other than goodwill, as of December 25, 2010:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	3 - 40	\$ 297.3	\$ (159.6)	\$ 137.7
Distribution rights	2 - 23	345.8	(221.6)	124.2
Patents and technology and distribution channels	3 - 10	34.6	(25.5)	9.1
Land use rights and other	2 - 42	6.2	(0.1)	6.1
Intangible assets not subject to amortization:				
Brands	Indefinite	3,359.2	—	3,359.2
Distribution networks	Indefinite	1,003.3	—	1,003.3
Other	Indefinite	15.5	—	15.5
Total		\$ 5,061.9	\$ (406.8)	\$ 4,655.1

The following table presents details of our intangible assets, other than goodwill, as of December 26, 2009:

	Useful life (Years)	Gross	Accumulated amortization (In millions)	Net
Intangible assets subject to amortization:				
Brands	3 - 40	\$ 293.5	\$ (140.1)	\$ 153.4
Distribution rights	2 - 23	334.4	(194.3)	140.1
Patents and technology and distribution channels	3 - 10	35.8	(22.4)	13.4
Intangible assets not subject to amortization:				
Brands	Indefinite	3,248.8	—	3,248.8
Distribution networks	Indefinite	963.5	—	963.5
Other	Indefinite	15.5	—	15.5
Total		\$ 4,891.5	\$ (356.8)	\$ 4,534.7

The change in the gross carrying amounts of intangibles from December 26, 2009 to December 25, 2010, is primarily due to the impact of foreign exchange rate fluctuations, as a significant amount of intangibles are denominated in foreign currencies. The gross carrying value was also impacted by the 51% purchase of MC-Si'hai in 2010.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Goodwill and Intangible Assets (Continued)

Based on foreign exchange rates as of December 25, 2010, the estimated future amortization expense of intangible assets is as follows:

<u>Fiscal Year</u>	<u>Amount</u> (In millions)
2011	\$ 38.4
2012	\$ 34.7
2013	\$ 33.6
2014	\$ 33.6
2015	\$ 31.0

Amortization expense of intangible assets was \$42.7 million, \$40.5 million, and \$43.3 million for the years ended December 25, 2010, December 26, 2009, and December 28, 2008, respectively.

We are required to perform goodwill and indefinite-lived intangible asset impairment tests on at least an annual basis and more frequently in certain circumstances. We completed the required annual impairment testing during the third quarter of 2010 and determined that there were no impairments of goodwill or other indefinite-live intangible assets. No impairment losses were included in the goodwill balances as of December 25, 2010 or December 26, 2009.

13. Debt

Our total long-term borrowings as of December 25, 2010 and December 26, 2009, were composed of the following:

	<u>As of</u>	
	<u>December 25, 2010</u> (In millions)	<u>December 26, 2009</u>
Senior notes:		
\$850 million 6.375% notes due 2012(1)	\$ 44.6	\$ 44.6
\$300 million 4.85% notes due 2010(2)	—	300.0
CAD 900 million 5.0% notes due 2015(2)	892.6	857.2
\$575 million 2.5% convertible notes due 2013(3)	575.0	575.0
CAD 500 million 3.95% Series A notes due 2017(4)	495.9	—
Credit facility(5)	—	—
Less: unamortized debt discounts and other	(48.5)	(63.8)
Total long-term debt (including current portion)	1,959.6	1,713.0
Less: current portion of long-term debt	—	(300.3)
Total long-term debt	\$ 1,959.6	\$ 1,412.7
Total fair value	\$ 2,137.6	\$ 1,913.6

(1) On May 7, 2002, CBC completed a private placement of \$850 million of 6.375% senior notes, due 2012, with interest payable semi-annually. The notes are unsecured, are not subject to any sinking fund provision and include a redemption provision if the notes are retired before their scheduled maturity. The redemption price is equal to the greater of (1) 100% of the principal amount of the

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Debt (Continued)

notes plus accrued and unpaid interest and (2) the present value of the principal amount of the notes and interest to be redeemed. Net proceeds from the sale of the notes, after deducting estimated expenses and underwriting fees, were approximately \$841 million. The notes were subsequently exchanged for publicly registered notes with the same terms. On July 11, 2007, we repurchased \$625 million aggregate principal amount of those notes. On February 7, 2008, we announced a tender for repurchase of any and all of the remaining principal amount of \$225 million, with the tender period running through February 14, 2008. The net costs of \$12.4 million related to this extinguishment of debt and termination of related interest rate swaps was recorded in the first quarter of 2008. The amount actually repurchased was \$180.4 million with \$45.0 million outstanding as of December 25, 2010, which, in addition to the remaining principal amount of \$44.6 million, also includes a liability of \$0.4 million related to interest rate swaps transacted around this debt issuance in 2002, but were cash settled in 2008 in conjunction with the tender offer. This remaining balance relates to the outstanding principal amount and is being amortized over the remaining term of this debt.

(2) On September 22, 2005, Molson Coors Capital Finance ULC, a Nova Scotia entity, and Molson Coors International, LP, a Delaware partnership, both wholly owned subsidiaries of MCBC, issued 10-year and 5-year private placement debt securities totaling CAD 900 million in Canada and \$300 million in the United States, bearing interest at 5.0% and at 4.85%, respectively paid semi-annually. Both offerings are guaranteed by MCBC, and certain of our U.S. and Canadian subsidiaries. The securities have certain restrictions on secured borrowing, sale-leaseback transactions and the sale of assets, all of which we were in compliance at December 25, 2010 and December 26, 2009. For the U.S. issue, these securities matured on September 22, 2010. As such, during the third quarter of 2010, we repaid the \$300 million notes. For the Canadian issue, these securities will mature on September 22, 2015. The CAD 900 million notes and the \$300 million notes were subsequently exchanged for publicly registered notes with the same terms.

(3) On June 15, 2007, MCBC issued in a public offering \$575 million of 2.5% Convertible Senior Notes (the "Notes") payable semi-annually in arrears. The Notes are the Company's senior unsecured obligations and rank equal in rights of payment with all of the Company's other senior unsecured debt and senior to all of the Company's future subordinated debt. The Notes are guaranteed by MCBC and certain of our U.S. and Canadian subsidiaries. The Notes mature on July 30, 2013, unless earlier converted or terminated, subject to certain conditions, as noted below. The Notes contain certain customary anti-dilution and make-whole provisions to protect holders of the Notes as defined in the Indenture.

Holders may surrender their Notes for conversion prior to the close of business on January 30, 2013, if any of the following conditions are satisfied:

- during any calendar quarter, if the closing sales price of our Class B common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the calendar quarter preceding the quarter in which the conversion occurs is more than 130% of the conversion price of the Notes in effect on that last trading day;
- during the ten consecutive trading day period following any five consecutive trading day period in which the trading price for the Notes for each such trading day was less than 95% of the closing sale price of our Class B common stock on such date multiplied by the then current conversion rate; or

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Debt (Continued)

- if we make certain significant distributions to holders of our Class B common stock, we enter into specified corporate transactions or our Class B common stock ceases to be approved for listing on the New York Stock Exchange and is not listed for trading purposes on a U.S. national securities exchange.

After January 30, 2013, holders may surrender their Notes for conversion any time prior to the close of business on the business day immediately preceding the maturity date regardless of whether any of the conditions listed above have been satisfied. Upon conversion of the Notes, holders of the Notes will receive the par value amount of each note in cash and the shares of our Class B common stock (subject to our right to deliver cash in lieu of all or a portion of those shares) in satisfaction of the conversion feature if, on the day of conversion, the MCBC stock price exceeds the conversion price. The original conversion price for each \$1,000 aggregate principal amount of notes was \$54.76 per share of our Class B common stock, which represented a 25% premium above the stock price on the day of the issuance of the Notes and corresponded to the initial conversion ratio of 18.263 shares per each \$1,000 aggregate principal amount of notes. The conversion ratio and conversion price are subject to adjustments for certain events and provisions, as defined in the Indenture. As of August 26, 2010 our conversion price and ratio are \$54.01 and 18.5154 shares respectively. If, upon conversion, the MCBC stock price is below the conversion price, adjusted as necessary, a cash payment for the par value amount of the Notes will be made. As of December 25, 2010, the convertible debt's if-converted value did not exceed the principal.

We initially accounted for the Notes pursuant to guidance pertaining to convertible bonds with issuer option to settle for cash upon conversion, that is, we did not separate and assign values to the conversion feature of the Notes but rather accounted for the entire agreement as one debt instrument as the conversion feature met the requirements of guidance pertaining to accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock. Due to new guidance effective in 2009, the amounts in the table above have been reduced by the unamortized discount related to our convertible debt in the amounts of \$46.3 million and \$63.3 million for the years ended December 25, 2010 and December 26, 2009, respectively. The remaining \$2.2 million and \$0.5 million as of December 25, 2010 and December 26, 2009, respectively, relates to unamortized debt premiums, discounts and other on the additional debt balances.

As noted in Note 2, "New Accounting Pronouncements," the Company retrospectively adopted authoritative guidance related to accounting for convertible debt instruments, impacting historical accounting for the Notes. Considering interest rates applicable at the time of the issuance of the Notes, we determined that the historical liability and equity components would have been valued using an effective 6.08% interest rate. As such, the amount allocated to the long-term debt at that date was \$471.1 million, and the pretax amount allocated to equity was \$103.9 million (\$64.2 million net of tax). The retrospective adoption increased non-cash interest expense by \$15.8 million for the year ended December 28, 2008 as the Company accreted the discounted debt to its face value. During the years ended December 25, 2010 and December 26, 2009, we incurred additional non-cash interest expense of \$16.9 million and \$16.4 million, respectively. The additional non-cash interest expense impact (net of tax) to net income per share was a decrease of \$0.06, \$0.06 and \$0.05 for the years ended December 25, 2010, December 26, 2009, and December 28, 2008, respectively. We also incurred interest expense related to the 2.5% coupon rate of \$14.3 million, \$14.4 million, and \$14.4 million for the years ended December 25, 2010,

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Debt (Continued)

December 26, 2009, and December 28, 2008, respectively. The combination of non-cash and cash interest resulted in an effective interest rate of 5.9%, 6.01% and 6.10% for the years ended December 25, 2010, December 26, 2009 and December 28, 2008, respectively. We expect to also record additional non-cash interest expense representing the amortization of the debt discount on the Notes in 2011 through 2013 of approximately \$17 million to \$18 million annually, thereby increasing the carrying value of the long-term debt to its \$575 million face value at maturity in July 2013.

In connection with the issuance of the Notes, we incurred approximately \$10.2 million of deferred debt issuance costs which will be amortized as interest expense over the life of the Notes.

Convertible Note Hedge and Warrants:

In connection with the issuance of the Notes, we entered into a privately negotiated convertible note hedge transaction. The convertible note hedge (the "purchased call options") will cover up to approximately 10.5 million shares of our Class B common stock. The purchased call options, if exercised by us, require the counterparty to deliver to us shares of Class B common stock adequate to meet our net share settlement obligations under the Notes and are expected to reduce the potential dilution to our Class B common stock to be issued upon conversion of the Notes, if any. Separately and concurrently, we also entered into warrant transactions with respect to our Class B common stock pursuant to which we may be required to issue to the counterparty up to approximately 10.5 million shares of our Class B common stock. The warrant price is \$70.09 which represents a 60% premium above the stock price on the date of the warrant transaction. The warrants expire on February 20, 2014.

We used approximately \$50 million of the net proceeds from the issuance of the Notes, to pay for the cost of the purchased call options, partially offset by the proceeds to us from the warrant transaction. The net cost of these transactions, net of tax, was recorded in the Stockholders' Equity section of the balance sheet.

The purchased call options and warrants are separate transactions entered into by the Company, and they are not part of the terms of the Notes and do not affect the holders' rights under the Notes.

- (4) During the fourth quarter of 2010, our wholly owned subsidiary, Molson Coors International LP, completed a 7-year CAD 500 million 3.95% fixed rate Series A Notes private placement in Canada. These notes resulted in net proceeds of CAD 496.6 million after underwriting fees and being issued at a discount of CAD 1.6 million. The Series A Notes will mature on October 6, 2017. The notes are guaranteed by MCBC and certain U.S. and Canadian subsidiaries of the Company and rank equally with the Company's other outstanding notes and credit facility.
- (5) We maintain a \$750 million revolving multicurrency bank credit facility, which expires in August 2011. Amounts drawn against the credit facility accrue interest at variable rates, which are based upon LIBOR or the Canadian Dealer Offered Rate ("CDOR"), plus a spread based upon our long-term bond rating and facility utilization. There were no outstanding borrowings on this credit facility as of December 25, 2010.

Our total short-term borrowings facilities consist of a \$20.0 million line of credit with a borrowing rate of USD LIBOR +1.5%, an overdraft facility of CAD 30.0 million at either USD Prime or CAD

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Debt (Continued)

Prime depending on the borrowing currency, a line of credit for GBP 10.0 million and an overdraft facility for GBP 10.0 million, both at GBP LIBOR +1.5%, and a line of credit for Japanese Yen 1.0 billion, of which 275.0 million is committed under an outstanding letter of credit, at a base rate of less than 1.0%. As of December 25, 2010 and December 26, 2009, we have no borrowings under any of these facilities. See Note 20, "Commitments and Contingencies" for discussion related to letters of credit.

Additionally, in the fourth quarter of 2010, MC-Si'hai opened a short-term borrowing facility for Chinese Renminbi ("RMB") 7.0 million. As of December 25, 2010, the outstanding balance of this borrowing was RMB 7.0 million (\$1.1 million).

As of December 25, 2010, the aggregate principal debt maturities of long-term debt and short-term borrowings for the next five fiscal years are as follows:

	Amount (In millions)
2011	\$ 1.1
2012	44.6
2013	575.0
2014	—
2015	892.6
Thereafter	495.9
Total	\$ 2,009.2

Under the terms of some of our debt facilities, we must comply with certain restrictions. These restrictions include restrictions on debt secured by certain types of mortgages, certain threshold percentages of secured consolidated net tangible assets, and restrictions on certain types of sale lease-back transactions. As of December 25, 2010, we were in compliance with all of these restrictions.

Interest

Interest incurred, capitalized and expensed were as follows:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Interest incurred			
(1) \$ 111.4	\$ 99.3	\$ 120.2	
Interest capitalized	(1.2)	(2.7)	(1.1)
Interest expense	<u>\$ 110.2</u>	<u>\$ 96.6</u>	<u>\$ 119.1</u>

(1) Interest incurred includes non-cash interest of \$16.9 million, \$16.4 million and \$15.8 million for the years ended December 25, 2010, December 26, 2009 and December 28, 2008, respectively.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-Based Payments

At December 25, 2010, we had three stock-based compensation plans.

The 1990 Equity Incentive Plan

The 1990 Equity Incentive Plan ("EI Plan") generally provides for two types of grants for our employees: stock options and restricted stock awards. The stock options have a term of 10 years and one-third of the stock option award vests in each of the three successive years after the date of grant. There were no awards granted under the EI Plan in 2010, 2009, or 2008 and we are not expecting to grant any new awards under this plan.

Equity Compensation Plan for Non-Employee Directors

The Equity Compensation Plan for Non-Employee Directors ("EC Plan") provides for awards of shares of Class B common stock or options for shares of Class B common stock. Awards vest after completion of the director's annual term. The compensation cost associated with the EC plan is amortized over the directors' term. There were no awards granted under the EC Plan in 2010, 2009, or 2008 and we are not expecting to grant any new awards under this plan.

Molson Coors Brewing Company Incentive Compensation Plan

During 2010, 2009, and 2008, we issued the following awards related to shares of Class B common stock to certain directors, officers, and other eligible employees, pursuant to the Molson Coors Brewing Company Incentive Compensation Plan ("MCBC IC Plan"): restricted stock units ("RSU"), deferred stock units ("DSU"), performance units ("PU"), performance share units ("PSU"), stock options, and stock-only stock appreciation rights ("SOSAR").

RSU awards are issued at the market value equal to the price of our stock at the date of the grant and vest over a period of three years. In 2010, 2009 and 2008, we granted 0.3 million, 0.2 million and 0.6 million RSUs with a weighted-average market value of \$43.61, \$42.07 and \$56.43 each, respectively.

DSU awards, under the Directors' Stock Plan pursuant to the MCBC IC Plan, are elections made by non-employee directors of MCBC that enable them to receive all or one-half of their annual cash retainer payments in our stock. The deferred stock unit awards are issued at the market value equal to the average day's price on the date of the grant. The DSUs are paid in shares of stock upon termination of service. Prior to issuance, DSUs have no voting or dividend rights. In 2010, 2009 and 2008, we granted a small number of DSUs with a weighted-average market value of \$45.25, \$42.82 and \$50.38 per share, respectively.

PU awards are granted based on a target value established at the date of grant and vest upon completion of a service requirement. The payout value can range from zero to two times the target value based on achievement of specified adjusted earnings per share targets. Adjusted earnings per share is an internal measure calculated from our actual diluted earnings per share adjusted for special items and other significant benefits or charges as approved by the Company's compensation committee. The PU award value is calculated by multiplying the number of PUs granted by actual cumulative adjusted earnings per share over the specific performance period. The PU award value can be settled in cash or shares, or partly in cash and partly in shares, at the discretion of the Company. If settled in shares, it will be based on the closing Class B common stock price on the date of vesting. Prior to vesting, no shares are issued and PUs have no voting or dividend rights. We are unable to predict the vesting date share price.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-Based Payments (Continued)

and as a result, account for the PUs as liabilities, resulting in variable compensation expense until settled. The variability of compensation expense will arise primarily from changing estimates of adjusted earnings per share. Changes in the price of Class B common stock during the vesting period will not impact compensation expense but will impact the number of shares ultimately issued if the awards are settled in stock. Compensation expense is determined based upon the estimated fair value and recognized over the requisite service period of the grant once we have determined that achievement of the performance condition is probable. If in the future it becomes improbable that the performance condition will be met, previously recognized compensation cost will be reversed, and no compensation cost will be recognized. The service condition vesting periods range from one to three years. In 2010, we granted 0.7 million PUs, all of which were outstanding as of December 25, 2010. During the second quarter of 2009, we granted 2.4 million PUs. The aggregate intrinsic value of PUs outstanding at December 25, 2010 and December 26, 2009 was \$20.6 million and \$14.9 million, respectively. Total pre-tax compensation expense recognized for PUs for the years ended December 25, 2010 and December 26, 2009, totaled \$7.4 million and \$4.8 million, respectively. No PUs were granted in 2008.

PSU awards are earned over the estimated expected term to achieve certain financial targets, which were established on March 16, 2006 at the time of the initial grant. As of March 30, 2008, these financial targets were achieved for all PSU awards outstanding. As a result of achieving these financial targets, we recognized the remaining \$34.4 million expense before taxes in the first quarter of 2008 associated with the outstanding PSU awards. PSUs were granted at the market value of our stock on the date of the grant. In 2010 and 2009, we did not grant any of these shares under this plan. In 2008, a small number of these shares were granted under this plan at the weighted-average market value of \$50.37 per share.

Stock options are granted with an exercise price equal to the market value of a share of common stock on the date of grant. Stock options have a term of 10 years and generally vest over three years. During 2010, we granted 0.7 million options with a weighted-average fair market value of \$10.95 each. During 2009, we granted 0.7 million options with a weighted-average fair market value of \$10.33 each. No options were granted in 2008.

SOSARs were granted with an exercise price equal to the market value of a share of common stock on the date of grant. The SOSARs entitle the award recipient to receive shares of the Company's stock with a fair market value equal to the excess of the trading price over the exercise price of such shares on the date of the exercise. SOSARs have a term of ten years and generally vest over three years. No SOSARs were granted in 2010 or 2009. During 2008, we granted 0.6 million SOSARs with a weighted-average fair market value of \$14.40.

We record the fair value impact related to share-based compensation for our former employees, now employed by MillerCoors who hold previously granted MCBC share-based awards, on a quarterly basis. The additional mark-to-market cost is related to stock awards to be settled in Class B common stock. The mark-to-market share-based compensation expense before tax, related to MCBC equity awards, during the years ended December 25, 2010 and December 26, 2009 and six months ended December 28, 2008 was \$2.6 million, \$3.0 million and \$3.1 million, respectively. These amounts are included in the table below.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-Based Payments (Continued)

The following table summarizes components of the equity-based compensation recorded as expense:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
	(In millions)		
Options and SOSARs			
Pre-tax compensation expense	\$ 6.4	\$ 5.9	\$ 9.9
Tax benefit	(1.9)	(1.8)	(2.9)
After-tax compensation expense	4.5	4.1	7.0
RSUs and DSUs			
Pre-tax compensation expense	16.2	15.1	14.9
Tax benefit	(4.6)	(4.1)	(4.4)
After-tax compensation expense	11.6	11.0	10.5
PUs and PSUs			
Pre-tax compensation expense	7.4	4.8	34.2
Tax benefit	(2.1)	(1.2)	(9.9)
After-tax compensation expense	5.3	3.6	24.3
Total after-tax compensation expense	\$ 21.4	\$ 18.7	\$ 41.8

The mark-to-market stock option floor adjustment, which expired in the first quarter of 2010, relates to adjusting to the floor provided on the exercise price of stock options held by former Coors officers who left the Company under change in control agreements. As a result of the stock price exceeding the floor, no mark-to-market stock option floor adjustment was recognized in 2010, 2009 or 2008.

Included in the restricted stock pre-tax compensation expense was the DSU amortization of \$0.6 million, \$0.6 million, and \$0.5 million for the years ended December 25, 2010, December 26, 2009 and December 28, 2008, respectively.

The summary of activity of unvested RSUs, DSUs and PUs during 2010 is presented below:

	RSUs and DSUs		PUs	
	Units	Weighted-average grant date fair value	Units	Weighted-average grant date fair value
Non-vested as of December 26, 2009	0.9	\$ 49.88	2.3	\$ 6.50
Granted	0.3	\$ 43.70	0.7	\$ 11.91
Vested	(0.3)	\$ 48.09	(0.7)	\$ 3.04
Forfeited	—	\$ 49.10	(0.1)	\$ 8.94
Non-vested as of December 25, 2010	0.9	\$ 48.62	2.2	\$ 9.45

The total fair values of RSUs, DSUs PUs and PSUs vested during 2010, 2009 and 2008 were \$15.0 million, \$11.4 million and \$116.2 million, respectively.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-Based Payments (Continued)

As of December 25, 2010, there was approximately \$28.9 million of total unrecognized compensation cost from all share-based compensation arrangements granted under the plans, related to unvested shares. This compensation is expected to be recognized over a weighted-average period of approximately 1.4 years.

The fair value of each option and SOSAR granted in 2010, 2009 and 2008 was determined on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	For the years ended		
	December 25, 2010	December 26, 2009	December 28, 2008
Risk-free interest rate	2.95%	2.46%	3.05%
Dividend yield	2.22%	2.28%	1.41%
Volatility range	27.2% - 29.5%	28.7% - 28.9%	25.3% - 26.8%
Weighted-average volatility	27.86%	28.88%	25.43%
Expected term (years)	5.0 - 7.0	5.0 - 7.0	3.5 - 7.0
Weighted-average fair market value(1)	\$10.95	\$10.33	\$14.40

(1) Value relates to options granted for the years ended December 25, 2010 and December 26, 2009 and SOSARs granted for the year ended December 28, 2008.

The risk-free interest rates utilized for periods throughout the contractual life of the options are based on a zero-coupon U.S. Treasury security yield at the time of grant. Expected volatility is based on historical volatility of our stock. The expected term of options is estimated based upon observations of historical employee option exercise patterns and trends. The range on the expected term results from separate groups of employees who exhibit different historical exercise behavior.

Options and SOSARs outstanding at December 25, 2010, changes during 2010, and shares available for grant under all of our plans are presented below:

	Shares outstanding				Shares exercisable at year-end			
	Shares	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value	Shares	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of December:								
2009	7.4	\$ 37.00	4.94	\$ 64.0	6.2	\$ 35.04	4.20	\$ 62.3
Granted	0.7	\$ 43.25						
Exercised	(1.2)	\$ 34.58						
Forfeited	(0.1)	\$ 47.64						
Outstanding as of December:								
2010	6.8	\$ 37.92	4.89	\$ 91.6	5.5	\$ 36.41	4.02	\$ 82.7

The total intrinsic values of options exercised during 2010, 2009 and 2008 were \$16.0 million, \$22.9 million and \$37.8 million, respectively. During 2010, cash received from stock options exercises was \$38.5 million and the total tax benefit to be realized for the tax deductions from these option exercises was \$3.9 million.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Share-Based Payments (Continued)

As of December 25, 2010, there were 4.8 million shares of the Company's stock available for the issuance as option, SOSAR, RSU, DSU, PSU, and PU awards under the MCBC IC Plan.

15. Accumulated Other Comprehensive Income (Loss)

	MCBC shareholders					
	Foreign currency translation adjustments	Gain (loss) on derivative instruments	Pension and Postretirement Benefits adjustments	Equity Method Investments	Accumulated other comprehensive income (loss)	Noncontrolling interest
	(In millions)					
As of December 30, 2007	1,404.8	1.7	(283.6)	—	1,122.9	(18.0)
Foreign currency translation adjustments	(1,265.0)	—	—	—	(1,265.0)	—
Unrealized gain on derivative instruments	—	70.4	—	—	70.4	—
Reclassification adjustment on derivative instruments	—	4.9	—	—	4.9	—
Pension and other other postretirement benefit adjustments	—	—	(339.1)	—	(339.1)	(10.4)
Contribution to MillerCoors	—	(31.3)	243.2	—	211.9	—
Ownership share of MillerCoors, other comprehensive income (loss)	—	—	—	(338.9)	(338.9)	—
Tax benefit (expense)	30.3	(10.4)	13.9	127.7	161.5	3.0
As of December 28, 2008	170.1	35.3	(365.6)	(211.2)	(371.4)	(25.4)
Foreign currency translation adjustments	468.3	—	—	—	468.3	—
Unrealized loss on derivative instruments	—	(42.3)	—	—	(42.3)	—
Reclassification adjustment on derivative instruments	—	(15.7)	—	—	(15.7)	—
Pension and other other postretirement benefit adjustments	—	—	(360.3)	—	(360.3)	—
Ownership share of MillerCoors, other comprehensive loss	—	—	—	143.8	143.8	—
Ownership share of other unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	(32.2)	(32.2)	—
Pension and other other postretirement benefit adjustments related to BRI deconsolidation	—	—	33.3	—	33.3	36.5
Tax benefit						

(expense)	146.4	18.7	87.0	(54.9)	197.2	(11.1)
As of December 26, 2009	\$ 784.8	\$ (4.0)	\$ (605.6)	\$ (154.5)	\$ 20.7	\$ —
Foreign currency translation adjustments	53.8	—	—	—	53.8	—
Unrealized loss on derivative instruments	—	(18.6)	—	—	(18.6)	—
Reclassification adjustment on derivative instruments	—	7.1	—	—	7.1	—
Pension and other other postretirement benefit adjustments	—	—	147.5	—	147.5	—
Ownership share of MillerCoors, other comprehensive loss	—	—	—	(52.8)	(52.8)	—
Ownership share of other unconsolidated subsidiaries' other comprehensive income (loss)	—	—	—	(39.2)	(39.2)	—
Tax benefit (expense)	67.7	3.9	(39.3)	20.3	52.6	—
As of December 25, 2010	<u>\$ 906.3</u>	<u>\$ (11.6)</u>	<u>\$ (497.4)</u>	<u>\$ (226.2)</u>	<u>\$ 171.1</u>	<u>\$ —</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Accumulated Other Comprehensive Income (Loss) (Continued)

The significant fluctuations to other comprehensive income due to foreign currency translation adjustments resulted from the strengthening of the CAD and weakening of the GBP during 2010, compared to the strengthening of both in 2009 and the weakening of both in 2008. We have significant levels of net assets denominated in these currencies due to our operations in those countries, and therefore other comprehensive income increases and/or decreases when those items are translated to our reporting currency, which is USD.

The increase in other comprehensive income due to pension and other post retirement benefit adjustments is due to a decrease in our pension obligations in 2010, driven by increased contributions and improvements in pension asset values, while we had increases in pension obligations in 2009, driven by changes in discount rate and inflation assumptions. The decrease in other comprehensive income associated with our equity method investments in 2010 is related to our 42% share of the unrealized gains on MillerCoors derivative instruments and unrealized losses on pension obligations, along with changes to BRI and BDL pension obligations.

16. Employee Retirement Plans

The Company maintains retirement plans in Canada, the U.K. and the U.S. Depending on the benefit program, we provide either defined benefit or defined contribution plans to our employees in Canada and the U.K. Each plan is managed locally and in accordance with respective local laws and regulations. All retirement plans for MCBC employees in the United States are defined contribution pension plans. MillerCoors maintains defined benefit pension plans as well; however, those plans are excluded from this disclosure because MillerCoors is not consolidated.

Defined Benefit Plans***Net Periodic Pension Cost***

The following represents our net periodic pension cost:

	For the year ended December 25, 2010			
	Canada plans	U.S. plans	U.K. plan	Consolidated
	(In millions)			
Components of net periodic pension cost (benefit):				
Service cost—benefits earned during the year	\$ 17.4	\$ —	\$ —	\$ 17.4
Interest cost on projected benefit obligation	71.8	0.4	116.1	188.3
Expected return on plan assets	(70.1)	—	(109.8)	(179.9)
Amortization of prior service cost	0.8	(0.1)	—	0.7
Amortization of net actuarial loss	1.3	—	12.3	13.6
Special termination benefits	1.8	—	—	1.8
Less expected participant and National Insurance contributions	(2.0)	—	—	(2.0)
Net periodic pension cost (benefit)	\$ 21.0	\$ 0.3	\$ 18.6	\$ 39.9

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

	For the year ended December 26, 2009			
	Canada plans	U.S. plans	U.K. plan	Consolidated
	(In millions)			
Components of net periodic pension cost (benefit):				
Service cost—benefits earned during the year	\$ 15.0	\$ —	\$ 4.6	\$ 19.6
Interest cost on projected benefit obligation	69.5	0.4	107.6	177.5
Expected return on plan assets	(68.3)	—	(122.3)	(190.6)
Amortization of prior service cost	0.7	—	—	0.7
Amortization of net actuarial loss	0.1	0.4	—	0.5
Curtailment loss	5.3	—	—	5.3
Less expected participant and National Insurance contributions	(1.9)	—	(0.5)	(2.4)
Net periodic pension cost (benefit)	\$ 20.4	\$ 0.8	\$ (10.6)	\$ 10.6

	For the year ended December 28, 2008			
	Canada plans	U.S. plans	U.K. plan	Consolidated
	(In millions)			
Components of net periodic pension cost (benefit):				
Service cost—benefits earned during the year	\$ 31.4	\$ 8.4	\$ 26.6	\$ 66.4
Interest cost on projected benefit obligation	93.4	30.2	127.6	251.2
Expected return on plan assets	(115.8)	(34.5)	(145.4)	(295.7)
Amortization of prior service cost	2.2	(0.2)	(1.9)	0.1
Amortization of net actuarial loss	—	4.1	1.0	5.1
Special termination benefits	0.7	—	—	0.7
Less expected participant and National Insurance contributions	(2.7)	—	(4.4)	(7.1)
Net periodic pension cost	\$ 9.2	\$ 8.0	\$ 3.5	\$ 20.7

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Projected Benefit Obligation:

The changes in the projected benefit obligation, plan assets and the funded status of the pension plans are as follows:

	As of December 25, 2010							
	Underfunded			Overfunded		Consolidated		
	Canada plans	U.S. plans	U.K. plan	Total	(In millions)			
Change in projected benefit obligation:								
Prior year projected benefit obligation	\$ 904.5	\$ 7.4	\$ 2,153.4	\$ 3,065.3	\$ 343.5	\$ 3,408.8		
Changes in current year (Underfunded)/Overfunded position	(209.7)	—	—	(209.7)	209.7	—		
Service cost, net of expected employee contributions	9.8	—	—	9.8	5.8	15.6		
Interest cost	40.7	0.4	116.1	157.2	31.0	188.2		
Amendments	—	—	—	—	—	—		
Actual employee contributions	1.9	—	—	1.9	—	1.9		
Special termination benefits	—	—	—	—	1.8	1.8		
Actuarial loss (gain)	42.8	—	(94.2)	(51.4)	11.6	(39.8)		
Benefits paid	(42.5)	—	(104.1)	(146.6)	(41.5)	(188.1)		
Foreign currency exchange rate change	29.9	—	(70.3)	(40.4)	23.0	(17.4)		
Projected benefit obligation at end of year	\$ 777.4	\$ 7.8	\$ 2,000.9	\$ 2,786.1	\$ 584.9	\$ 3,371.0		
Actuarial present value of accumulated benefit obligation								
	<u>\$ 776.7</u>	<u>\$ 7.8</u>	<u>\$ 2,000.9</u>	<u>\$ 2,785.4</u>	<u>\$ 583.1</u>	<u>\$ 3,368.5</u>		
Change in plan assets:								
Prior year fair value of assets	\$ 748.6	\$ —	\$ 1,645.6	\$ 2,394.2	\$ 388.5	\$ 2,782.7		
Changes in current year (Underfunded)/Overfunded position	(205.3)	—	—	(205.3)	205.3	—		
Actual return on plan assets	56.9	—	140.2	197.1	53.8	250.9		
Employer contributions	60.1	—	198.9	259.0	25.4	284.4		
Actual employee contributions	1.9	—	—	1.9	—	1.9		
Benefits and plan expenses paid	(42.5)	—	(107.2)	(149.7)	(41.5)	(191.2)		
Foreign currency exchange rate change	23.2	—	(56.4)	(33.2)	25.3	(7.9)		
Fair value of plan assets at end of year	\$ 642.9	\$ —	\$ 1,821.1	\$ 2,464.0	\$ 656.8	\$ 3,120.8		
Funded status:								
Projected benefit obligation at end of year	\$ (777.4)	\$ (7.8)	\$ (2,000.9)	\$ (2,786.1)	\$ (584.9)	\$ (3,371.0)		
Fair value of plan assets at end of year	642.9	—	1,821.1	2,464.0	656.8	3,120.8		
Funded status— (Underfunded)/Overfunded	(134.5)	(7.8)	(179.8)	(322.1)	71.9	(250.2)		
Less: noncontrolling interests	—	—	—	—	—	—		
Funded status after noncontrolling interests— (Underfunded)/Overfunded	\$ (134.5)	\$ (7.8)	\$ (179.8)	\$ (322.1)	\$ 71.9	\$ (250.2)		
Amounts recognized in the Consolidated Balance Sheet:								
Other assets	\$ —	\$ —	\$ —	\$ —	\$ 71.9	\$ 71.9		
Accrued expenses and other liabilities	(1.6)	—	—	(1.6)	—	(1.6)		
Pension and postretirement benefits	(132.9)	(7.8)	(179.8)	(320.5)	—	(320.5)		
Net amounts recognized	<u>\$ (134.5)</u>	<u>\$ (7.8)</u>	<u>\$ (179.8)</u>	<u>\$ (322.1)</u>	<u>\$ 71.9</u>	<u>\$ (250.2)</u>		
Amounts in Accumulated Other Comprehensive Loss (Income) not yet recognized as components of net periodic pension cost or (benefit), pre-tax:								
Net actuarial loss (gain)	\$ 149.2	\$ 0.4	\$ 608.8	\$ 758.4	\$ 23.9	\$ 782.3		
Net prior service cost	0.7	(0.2)	—	0.5	3.5	4.0		
Total not yet recognized	\$ 149.9	\$ 0.2	\$ 608.8	\$ 758.9	\$ 27.4	\$ 786.3		

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Changes in plan assets and benefit obligations recognized in other comprehensive loss, pre-tax were as follows:

	<u>Canada plans</u>	<u>U.S. plan</u> (In millions)	<u>U.K. plan</u>	<u>Total</u>
Accumulated other comprehensive loss as of December 28, 2008	161.4	0.3	400.3	562.0
Deconsolidation of Brewers' Retail, Inc.	(98.2)	—	—	(98.2)
Amortization of prior service costs	(0.7)	—	—	(0.7)
Amortization of net actuarial loss	(0.1)	(0.4)	—	(0.5)
Current year actuarial loss	97.6	0.5	275.0	373.1
Amendments	2.6	(0.2)	—	2.4
Foreign currency exchange rate change	12.8	—	65.6	78.4
Accumulated other comprehensive loss as of December 26, 2009	\$ 175.4	\$ 0.2	\$ 740.9	\$ 916.5
Amortization of prior service costs	(0.8)	—	—	(0.8)
Amortization of net actuarial loss	(1.3)	—	(12.3)	(13.6)
Current year actuarial loss (gain)	6.0	—	(118.6)	(112.6)
Foreign currency exchange rate change	(2.0)	—	(1.2)	(3.2)
Accumulated other comprehensive loss as of December 25, 2010	\$ 177.3	\$ 0.2	\$ 608.8	\$ 786.3

Amortization Amounts Expected to be Recognized in Net Periodic Pension Cost During Fiscal Year Ending December 31, 2011, pre-tax:

	<u>Amount</u> (In millions)
Amortization of net prior service cost	\$ 0.8
Amortization of actuarial net loss	\$ 19.4

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

	As of December 26, 2009							
	Underfunded		Oversubscribed		Canada plans	Consolidated		
	Canada plans	U.S. plans	U.K. plan	Total				
Change in projected benefit obligation:								
Prior year projected benefit obligation	\$ 967.5	\$ 6.9	\$ 1,604.4	\$ 2,578.8	\$ 442.1	\$ 3,020.9		
Changes in current year (Underfunded)/Oversubscribed position	157.1	—	—	157.1	(157.1)	—		
Deconsolidation of Brewers' Retail, Inc.	(429.9)	—	—	(429.9)	—	(429.9)		
Service cost, net of expected employee contributions	10.6	—	4.1	14.7	2.6	17.3		
Interest cost	51.6	0.4	107.6	159.6	17.9	177.5		
Amendments	2.5	(0.2)	—	2.3	—	2.3		
Actual employee contributions	1.8	—	0.4	2.2	—	2.2		
Curtailments	5.3	—	—	5.3	—	5.3		
Actuarial loss	71.1	0.5	375.3	446.9	16.8	463.7		
Benefits paid	(48.3)	(0.2)	(99.5)	(148.0)	(26.5)	(174.5)		
Foreign currency exchange rate change	115.2	—	161.1	276.3	47.7	324.0		
Projected benefit obligation at end of year	\$ 904.5	\$ 7.4	\$ 2,153.4	\$ 3,065.3	\$ 343.5	\$ 3,408.8		
Actuarial present value of accumulated benefit obligation	\$ 904.0	\$ 7.4	\$ 2,153.4	\$ 3,064.8	\$ 341.7	\$ 3,406.5		
Change in plan assets:								
Prior year fair value of assets	\$ 783.2	\$ —	\$ 1,381.5	\$ 2,164.7	\$ 507.6	\$ 2,672.3		
Changes in current year (Underfunded)/Oversubscribed position	161.8	—	—	161.8	(161.8)	—		
Deconsolidation of Brewers' Retail, Inc.	(348.2)	—	—	(348.2)	—	(348.2)		
Actual return on plan assets	53.8	—	226.5	280.3	9.0	289.3		
Employer contributions	48.8	—	6.7	55.5	4.3	59.8		
Actual employee contributions	1.8	—	0.4	2.2	—	2.2		
Transfers	(0.4)	—	—	(0.4)	0.4	—		
Benefits and plan expenses paid	(48.6)	—	(103.7)	(152.3)	(26.5)	(178.8)		
Foreign currency exchange rate change	96.4	—	134.2	230.6	55.5	286.1		
Fair value of plan assets at end of year	\$ 748.6	\$ —	\$ 1,645.6	\$ 2,394.2	\$ 388.5	\$ 2,782.7		
Funded status:								
Projected benefit obligation at end of year	\$ (904.5)	\$ (7.4)	\$ (2,153.4)	\$ (3,065.3)	\$ (343.5)	\$ (3,408.8)		
Fair value of plan assets at end of year	748.6	—	1,645.6	2,394.2	388.5	2,782.7		
Funded status— (Underfunded)/Oversubscribed	(155.9)	(7.4)	(507.8)	(671.1)	45.0	(626.1)		
Less: noncontrolling interests	—	—	—	—	—	—		
Funded status after noncontrolling interests— (Underfunded)/Oversubscribed	\$ (155.9)	\$ (7.4)	\$ (507.8)	\$ (671.1)	\$ 45.0	\$ (626.1)		
Amounts recognized in the Consolidated Balance Sheet:								
Other assets	\$ —	\$ —	\$ —	\$ —	\$ 45.0	\$ 45.0		
Accrued expenses and other liabilities	(0.8)	—	—	(0.8)	—	(0.8)		
Pension and postretirement benefits	(155.1)	(7.4)	(507.8)	(670.3)	—	(670.3)		

Net amounts recognized	\$ (155.9)	\$ (7.4)	\$ (507.8)	\$ (671.1)	\$ 45.0	\$ (626.1)
Amounts in Accumulated Other Comprehensive Loss (Income) not yet recognized as components of net periodic pension cost or (benefit), pre-tax:						
Net actuarial loss (gain)						
Net prior service cost	\$ 180.8	\$ 0.4	\$ 740.9	\$ 922.1	\$ (10.4)	\$ 911.7
Total not yet recognized	\$ 5.0	\$ (0.2)	\$ —	\$ 4.8	\$ —	\$ 4.8
	\$ 185.8	\$ 0.2	\$ 740.9	\$ 926.9	\$ (10.4)	\$ 916.5

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Pension expense is actuarially calculated annually based on data available at the beginning of each year. Assumptions used in the calculation include the settlement discount rate selected and disclosed at the end of the previous year as well as other assumptions detailed in the table below.

Weighted average assumption	For the years ended					
	December 25, 2010			December 26, 2009		
	Canada plans	U.S. plans	U.K. plan	Canada plans	U.S. plans	U.K. plan
Settlement discount rate(1)	5.10% - 5.35%	3.60%	5.35%	5.55% - 5.85%	4.75%	5.70%
Rate of compensatior increase(2)	3.00%	N/A	N/A	3.00%	N/A	N/A
Expected return on plan assets	2.05% - 6.45%	N/A	6.65%	2.35% - 6.50%	N/A	6.65%

(1) Rate utilized at year-end for the following year's pension expense and related balance sheet amounts at current year- end.

(2) U.S. plans are no longer salary-linked. U.K. plan was closed to future accrual during 2009.

Investment Strategy

The obligations of our defined benefit plans are supported by assets held in trust for the payment of future benefits. The Company is obligated to adequately fund these asset trusts. The underlying investments within our defined benefit plans include: cash and short term instruments, debt securities, equity securities, investment funds, real estate and other investments including hedge fund of funds. Relative allocations reflect the demographics of the respective plans.

We use a liability driven investment strategy in managing all of our defined benefits. For all of our defined benefit plan assets we have the following primary investment objectives:

- (1) optimize the long-term return on plan assets at an acceptable level of risk;
- (2) maintain a broad diversification across asset classes and among investment managers;
- (3) manage the risk level within each asset class and in relation to the plans' liabilities

Each plan's respective allocation targets promote optimal expected return and volatility characteristics given a focus on a long-term time horizon for fulfilling the plans' obligations. All assets are managed by external investment managers with a mandate to either match or outperform their benchmark. We use different asset managers in the U.K. and Canada.

Our investment strategies for our defined benefit plans also consider the funding status for each plan. For defined benefit plans that are highly funded, assets are invested primarily in fixed income holdings that have a similar duration to the associated liabilities. For plans with lower funding levels, the fixed income component is managed in a similar manner to the highly funded plans. In addition to this liability-matching fixed income allocation, these plans also contain exposure to return generating assets including: equities, real estate, debt, and other investments held with the goal of producing higher returns, which may also have a higher risk profile. These investments are diversified by investing globally with limitations placed on issuer concentration.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

For both our U.K. and Canadian plans, we hedge a portion of our foreign exchange exposure from plan assets which are not denominated in the local plan currency back to the local currency given our Canadian pension liabilities will be paid in CAD and our U.K. pension liabilities will be paid in GBP.

Target Allocations

The following compares target asset allocation percentages with actual asset allocations at December 25, 2010:

	Canada plans assets		U.K. plan assets	
	Target allocations	Actual allocations	Target allocations	Actual allocations
Equities	34.0%	33.1%	30.0%	32.7%
Fixed income	66.0%	66.3%	40.0%	35.3%
Hedge funds	0.0%	0.0%	15.0%	15.8%
Real estate	0.0%	0.0%	7.0%	4.0%
Other	0.0%	0.6%	8.0%	12.2%

Long Term Expected Return on Assets Assumption:

We develop our long term expected return on assets (EROA) assumptions annually with input from independent investment specialists including our actuaries, investment consultants and other specialists. Each EROA assumption is based on historical data, including historical returns, historical market rates and is calculated for each plan's individual asset class. The calculation includes inputs for interest, inflation, credit, and risk premium (active investment management) rates and fees paid to service providers.

We consider our EROA to be a significant management estimate. Any material changes in the inputs to our methodology used in calculating our EROA could have a significant impact on our reported defined benefit plans' expense.

Significant concentration risks:

We periodically evaluate our defined benefit plan assets for concentration risks. As of period end, we did not have any individual asset positions that comprised greater than 10% of each plan's overall assets. However, we currently have significant plan assets invested in U.K., U.S. and Canadian government fixed income holdings. A provisional credit rating downgrade for any of these governments, could impact the asset values in a negative manner.

Further, as both our U.K. and Canadian plans maintain exposure to non-government investments, a significant system-wide increase in credit spreads would also negatively impact the reported plan asset values. In general, equity and fixed income risks have been mitigated by company-specific concentration limits and by utilizing multiple equity managers. We do have significant amounts of assets invested with individual fixed income and hedge fund managers and so we use outside investment consultants to aid in the oversight of these managers.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Valuation Techniques

We use a variety of industry accepted valuation techniques to value our plan assets. The techniques vary depending upon instrument type. Whenever possible, we prioritize the use of observable market data in our valuation processes. We use market, income and cost approaches to value our plan assets as of period end. See Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" for additional information on our fair value methodologies and accounting policies. We have not changed our fair value techniques used to value plan assets this year.

Major Categories of Plan Assets

As of December 25, 2010, our major categories of plan assets included the following:

- Cash and Short Term Instruments—Includes cash, trades awaiting settlement, bank deposits, short term bills and short term notes. Our "trades awaiting settlement" category includes payables and receivables associated with asset purchases and sales that are awaiting final cash settlement as of year-end due to the use of trade date accounting for our pension plans assets. These payables normally settle within a few business days of the purchase or sale of the respective asset. The respective assets are included in or removed from our year end plan assets and categorized in their respective asset categories in the fair value hierarchy below. We include these items in level 1 of this hierarchy, as the values are derived from quoted prices in active markets. Short term instruments are included in level 2 of the fair value hierarchy as these are highly liquid instruments that are valued using observable inputs but their asset values are not publicly quoted.
- Debt Securities—Includes various government and corporate fixed income securities, interest and inflation-linked assets such as bonds and swaps, collateralized securities, and other debt securities. The majority of the plans' fixed income assets trade on "over the counter" exchanges, which provides observable inputs that are the primary input used to determine each individual investment's fair value. We also use independent pricing vendors as well as matrix pricing techniques. Matrix pricing uses observable data from other similar investments as the primary input to determine the individual security's fair value. Assets included in our collateralized securities include mortgage backed securities and collateralized mortgage obligations, which are considered level 3 due to the use of the significant unobservable inputs used in deriving these assets fair market values.
- Equities—Includes publicly traded common and other equity-like holdings, primarily publicly traded common stock, including real estate investment trusts, certain comingled funds investing in equities and other fund holdings. Equity assets are well diversified between international and domestic investments. We consider equities quoted on public exchanges as level 1 while other assets that are not quoted on public exchanges but valued using significant observable inputs as level 2 depending on the individual asset's characteristics.
- Investment Funds—This category includes our debt funds, equity funds, hedge fund of funds, and real estate fund holdings. The market values for these funds are based on the net asset values multiplied by the number of shares owned. For some of our hedge fund of funds and real estate funds we have the ability to liquidate without material delays at their net asset value and have recorded these assets at level 2 as the values were based upon significant observable inputs.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

For other hedge fund of funds and real estate funds, we do not have this flexibility to liquidate the entire portfolio and are considered level 3. This category does not directly hold physical real estate assets. For our real estate funds, these investment managers employ third party appraisers to value each fund's underlying real estate holdings, which include apartments, office space, hotels and industrial holdings. Each property is valued at least once a year but not all assets are valued by the independent appraiser during the same quarter. The highest and best use of each holding is used to determine the value of the holding. The independent appraisers use a combination of comparable sales methods and discounted cash flow techniques to value these holdings.

- Other—Includes credit default swaps, repurchase agreements, recoverable taxes for taxes paid and awaiting reclaim due to the tax exempt nature of the pension plan, and venture capital. Repurchase agreements are agreements where our plan has purchased assets using borrowed funds, creating a repurchase agreement liability, to facilitate the trade. The assets associated with the repurchase agreement are included the respective asset's category in the fair value hierarchy and the repurchase agreement liability is classified as level 1 in the hierarchy as the liability is valued using quoted prices in active markets. We are viewing the asset type as opposed to the investment vehicle in determining the presentation of our asset allocations. We include recoverable tax items in level 1 of this hierarchy, as the values are derived from quoted prices in active markets. Our credit default swaps are included in level 2 as the values were based upon significant observable inputs and our venture capital is included in level 3 as the values are based upon the use of unobservable inputs.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Fair Value Hierarchy

The following presents our fair value hierarchy for our defined benefit pension plan assets by location.

	Total carrying value at December 25, 2010	Fair value measurements as of December 25, 2010		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Canada				
Cash and cash equivalents				
Cash	\$ 51.8	\$ 51.8	\$ —	\$ —
Bank deposits, short-term bills and notes	64.0	1.5	62.5	—
Debt				
Government securities	658.6	—	658.6	—
Corporate debt securities	93.3	—	93.3	—
Collateralized debt securities	5.0	—	—	5.0
Other debt securities	0.2	—	0.2	—
Equities				
Common stock	88.3	88.3	—	—
Other equity securities	2.0	2.0	—	—
Investment funds				
Equity funds	335.7	—	335.7	—
Other				
Recoverable taxes	0.2	0.2	—	—
Venture capital	0.6	—	—	0.6
Total—Canada	1,299.7	143.8	1,150.3	5.6
U.K.				
Cash and cash equivalents				
Cash	161.3	161.3	—	—
Trades awaiting settlement	(8.4)	(8.4)	—	—
Bank deposits, short-term bills and notes	34.2	—	34.2	—
Debt				
Government securities	75.4	—	75.4	—
Corporate debt securities	371.0	—	369.5	1.5
Interest and inflation linked assets	238.5	—	231.6	6.9
Collateralized debt securities	4.6	—	—	4.6
Equities				
Common stock	487.3	487.3	—	—
Other equity securities	10.1	10.1	—	—
Investment funds				
Debt funds	139.7	—	139.7	—
Equity funds	85.6	—	85.6	—
Real estate funds	72.7	—	6.9	65.8
Hedge funds of funds	253.2	—	120.2	133.0
Other				
Repurchase agreements	(101.5)	(101.5)	—	—
Credit default swaps	(3.2)	—	(3.2)	—
Recoverable taxes	0.6	0.6	—	—
Total—U.K.	1,821.1	549.4	1,059.9	211.8
Total	\$ 3,120.8	\$ 693.2	\$ 2,210.2	\$ 217.4



MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

	Total carrying value at December 26, 2009	Fair value measurements as of December 26, 2009			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Canada					
Cash and cash equivalents					
Cash	\$ 50.9	\$ 50.9	\$ —	\$ —	
Trades awaiting settlement	2.0	2.0	—	—	
Bank deposits, short-term bills and notes	48.9	—	48.9	—	
Debt					
Government securities	590.4	—	590.4	—	
Corporate debt securities	90.8	—	90.8	—	
Collateralized debt securities	6.1	—	—	6.1	
Other debt securities	0.8	—	0.8	—	
Equities					
Common stock	144.2	144.2	—	—	
Other equity securities	3.5	3.5	—	—	
Investment funds					
Equity funds	198.2	—	198.2	—	
Other					
Recoverable taxes	0.4	0.4	—	—	
Venture capital	0.9	—	—	0.9	
Total—Canada	1,137.1	201.0	929.1	7.0	
U.K.					
Cash and cash equivalents					
Cash	18.5	18.5	—	—	
Trades awaiting settlement	(4.0)	(4.0)	—	—	
Bank deposits, short-term bills and notes	15.3	—	15.3	—	
Debt					
Government securities	110.8	—	110.8	—	
Corporate debt securities	352.0	—	352.0	—	
Interest and inflation linked assets	331.0	—	324.7	6.3	
Collateralized debt securities	7.8	—	—	7.8	
Equities					
Common stock	499.0	422.8	76.2	—	
Other equity securities	4.2	4.2	—	—	
Investment funds					
Debt funds	40.4	—	40.4	—	
Equity funds	140.0	—	140.0	—	
Real estate funds	72.5	—	6.3	66.2	
Hedge funds of funds	231.6	—	100.5	131.1	
Other					
Repurchase agreements	(194.4)	(194.4)	—	—	
Credit default swaps	1.3	—	1.3	—	
Recoverable taxes	19.6	19.6	—	—	
Total—U.K.	1,645.6	266.7	1,167.5	211.4	
Total	\$ 2,782.7	\$ 467.7	\$ 2,096.6	\$ 218.4	

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)*Fair Value: Level Three Rollforward*

The following presents our Level 3 Rollforward for our defined pension plan assets by location.

	Canada	U.K.	Total
Balance at December 28, 2008	\$ 6.6	\$ 296.1	\$ 302.7
Total gain or loss (realized/unrealized):			
Realized loss	—	(0.5)	(0.5)
Unrealized gain included in AOCI	—	4.7	4.7
Purchases, issuances, settlements	(0.6)	(12.5)	(13.1)
Transfers in/out of Level 3	—	(102.1)	(102.1)
Foreign exchange translation gain	1.0	25.7	26.7
Balance at December 26, 2009	7.0	211.4	218.4
Total gain or loss (realized/unrealized):			
Realized loss	—	(0.7)	(0.7)
Unrealized (loss) gain included in AOCI	(0.3)	18.8	18.5
Purchases, issuances, settlements	(1.4)	(8.4)	(9.8)
Transfers in/out of Level 3	—	(2.4)	(2.4)
Foreign exchange translation gain	0.3	(6.9)	(6.6)
Balance at December 25, 2010	\$ 5.6	\$ 211.8	\$ 217.4

Expected Cash Flows

In 2011, we expect to make contributions to our plans totaling approximately \$11 million—\$81 million, depending on the final resolution of potential discretionary contributions. MillerCoors' contributions to its defined benefit pension plans are not included here, as MillerCoors is not consolidated in our financial statements. Plan funding strategies are influenced by employee benefits and tax laws.

Information about expected cash flows for the consolidated retirement plans (including consolidated joint ventures) follows:

<u>Expected benefit payments</u>	<u>Amount</u> (In millions)
2011	\$ 195.6
2012	\$ 202.9
2013	\$ 210.4
2014	\$ 217.6
2015	\$ 224.5
2016-2020	\$ 1,222.8

U.K. Plan Curtailment

The U.K. defined benefit plan was closed to new employees in April 2006, and was closed to all additional service credit effective in April 2009. During October 2008, we announced a plan for the cessation of employee service credit with regard to retirement benefits in the U.K. pension plan. It was

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

subsequently announced in December 2008 that employee service credit would cease with regard to the earning of pension benefits, effective April 4, 2009. This cessation of benefits was a curtailment event. As a result, we recognized a pension gain of \$10.4 million, representing the immediate recognition of previously unamortized prior service benefit. The \$6.2 million reduction of the projected benefit obligation as a result of the curtailment was netted against actuarial losses reflected in the plan's remeasurement, and therefore was not recognized as a gain on the income statement.

Defined Contribution Plans

Canadian employees typically participate in the defined contribution portion of the registered pension plans. The employer contributions range from 3% to 8.5% of employee compensation. Our contributions in 2010, 2009 and 2008 were \$6.4 million, \$5.1 million and \$4.0 million, respectively. The investment strategy for defined contribution plans in the U.S., Canada and the U.K. are determined by each individual participant.

During 2010, U.S. employees were eligible to participate in the Molson Coors Savings and Investment Plan, a qualified voluntary defined contribution plan. We match 50% of our hourly and salaried non-exempt and 75% of our salaried exempt employees' contributions up to 6% of employee compensation. Both employee and employer contributions were made in cash in accordance with participant investment elections. There were no minimum amounts that are required to be invested in Molson Coors stock. Our contributions in 2010, 2009 and 2008 were \$2.7 million, \$2.2 million and \$5.3 million, respectively. The reason for the decrease from 2008 to 2009 is due to the MillerCoors joint venture.

From April 2006, new employees of the U.K. business were not entitled to join the Company's defined benefit pension plan. Instead these employees were and still are given an opportunity to participate in a defined contribution plan. Company contributions to this plan were \$3.7 million, \$2.2 million and \$1.5 million in 2010, 2009 and 2008, respectively. Effective in April 2009 the U.K. pension plan was closed to future service credit. The majority of the employees in the defined benefit plan opted to join a new scheme within the existing defined contribution plan. The Company's contributions to this new scheme within the existing defined contribution plan were \$11.0 million and \$8.9 million in 2010 and 2009, respectively. The defined contribution plan has a number of different schemes within it to accommodate the different employee and employer contribution structures that are available to members.

During 2009 we established for certain U.S. employees a nonqualified defined contribution plan. MCBC has voluntarily funded these liabilities through a Rabbi Trust. These are company assets which are invested in publicly traded mutual funds whose performance is expected to closely match changes in the plan liabilities.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Employee Retirement Plans (Continued)

Fair Value Hierarchy

The following presents our fair value hierarchy for our corporate invested plan assets.

	Total carrying value at December 25, 2010	Fair value measurements as of December 25, 2010		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		\$ 1.9	\$ —	\$ —
Corporate Equities				
Mutual funds	\$ 1.9	\$ 1.9	\$ —	\$ —
Total—Corporate	1.9	1.9	—	—

	Total carrying value at December 26, 2009	Fair value measurements as of December 26, 2009		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		\$ 0.8	\$ —	\$ —
Corporate Equities				
Mutual funds	\$ 0.8	\$ 0.8	\$ —	\$ —
Total—Corporate	0.8	0.8	—	—

17. Postretirement Benefits

Our Canadian and U.S. employees have postretirement plans that provide medical benefits and life insurance for retirees and eligible dependents. The plans are not funded.

The obligations under these plans were determined by the application of the terms of medical and life insurance plans, together with relevant actuarial assumptions and health care cost trend rates detailed in the table below.

	For the years ended			
	December 25, 2010		December 26, 2009	
	Molson Canada plans	U.S. plan	Molson Canada plans	U.S. plan
Key assumptions:				
Settlement discount rate	2.55% - 5.4%	5.05%	2.75% - 5.9%	5.90%
Health care cost trend rate	Ranging ratably from 8.5% in 2011 to 5.0% in 2018	Ranging ratably from 8.2% in 2011 to 4.5% in 2028	Ranging ratably from 9% in 2010 to 5.0% in 2018	Ranging ratably from 8.5% in 2010 to 5.0% in 2017

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Postretirement Benefits (Continued)

Our net periodic postretirement benefit cost and changes in the projected benefit obligation of the postretirement benefit plans are as follows:

	For the year ended December 25, 2010		
	Canada plans	U.S. plan	Consolidated
	(In millions)		
Components of net periodic postretirement benefit cost:			
Service cost—benefits earned during the period	\$ 2.4	\$ 0.1	\$ 2.5
Interest cost on projected benefit obligation	9.3	0.1	9.4
Amortization of prior service gain	(3.6)	—	(3.6)
Amortization of net actuarial gain	(0.1)	—	(0.1)
Net periodic postretirement benefit cost	<u>\$ 8.0</u>	<u>\$ 0.2</u>	<u>\$ 8.2</u>

	For the year ended December 26, 2009		
	Canada plans	U.S. plan	Consolidated
	(In millions)		
Components of net periodic postretirement benefit cost:			
Service cost—benefits earned during the period	\$ 2.9	\$ 0.1	\$ 3.0
Interest cost on projected benefit obligation	9.3	0.1	9.4
Amortization of prior service gain	(2.5)	—	(2.5)
Amortization of net actuarial gain	(0.9)	—	(0.9)
Net periodic postretirement benefit cost	<u>\$ 8.8</u>	<u>\$ 0.2</u>	<u>\$ 9.0</u>

	For the year ended December 28, 2008		
	Canada plans	U.S. plan	Consolidated
	(In millions)		
Components of net periodic postretirement benefit cost:			
Service cost—benefits earned during the period	\$ 7.3	\$ 1.3	\$ 8.6
Interest cost on projected benefit obligation	15.4	4.8	20.2
Amortization of prior service cost	0.1	0.1	0.2
Amortization of net actuarial loss	0.1	2.1	2.2
Net periodic postretirement benefit cost	<u>\$ 22.9</u>	<u>\$ 8.3</u>	<u>\$ 31.2</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Postretirement Benefits (Continued)

	As of December 25, 2010		
	Canada Plans	U.S. Plan (In millions)	Consolidated
Change in projected postretirement benefit obligation:			
Projected postretirement benefit obligation at beginning of year	\$ 158.2	\$ 1.5	\$ 159.7
Service cost	2.4	0.1	2.5
Interest cost	9.3	0.1	9.4
Actuarial loss (gain)	(28.5)	0.8	(27.7)
Benefits paid, net of participant contributions	(6.1)	—	(6.1)
Foreign currency exchange rate change	6.0	—	6.0
Projected postretirement benefit obligation at end of year	<u>\$ 141.3</u>	<u>\$ 2.5</u>	<u>\$ 143.8</u>
Funded status—Unfunded:			
Accumulated postretirement benefit obligation	<u>\$ (141.3)</u>	<u>\$ (2.5)</u>	<u>\$ (143.8)</u>
Amounts recognized in the Consolidated Balance Sheet:			
Accrued expenses and other liabilities	\$ (7.2)	\$ —	\$ (7.2)
Pension and postretirement benefits	(134.1)	(2.5)	(136.6)
Net amounts recognized	<u>\$ (141.3)</u>	<u>\$ (2.5)</u>	<u>\$ (143.8)</u>
Amounts in Accumulated Other Comprehensive (Income) Loss unrecognized as components of net periodic pension cost, pre-tax:			
Net actuarial (gain) loss	\$ (40.0)	\$ 1.2	\$ (38.8)
Net prior service credit	(13.7)	—	(13.7)
Total unrecognized	<u>\$ (53.7)</u>	<u>\$ 1.2</u>	<u>\$ (52.5)</u>

Changes in plan assets and benefit obligations recognized in other comprehensive loss (income), pre-tax were as follows:

	Canada plans (In millions)	U.S. plan	Total
Accumulated other comprehensive income as of December 28, 2008	\$ (25.8)	\$ 0.8	\$ (25.0)
Deconsolidation of Brewers' Retail, Inc.	5.5	—	5.5
Amortization of prior service costs	2.5	—	2.5
Amortization of net actuarial loss	0.9	—	0.9
Current year actuarial loss (gain)	8.8	(0.4)	8.4
Amendments	(19.1)	—	(19.1)
Foreign currency exchange rate change	(2.8)	—	(2.8)
Accumulated other comprehensive income as of December 26, 2009	\$ (30.0)	\$ 0.4	\$ (29.6)
Amortization of prior service costs	3.6	—	3.6
Amortization of net actuarial loss	0.1	—	0.1
Current year actuarial loss (gain)	(29.3)	0.8	(28.5)
Foreign currency exchange rate change	1.9	—	1.9
Accumulated other comprehensive income as of December 25, 2010	<u>\$ (53.7)</u>	<u>\$ 1.2</u>	<u>\$ (52.5)</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Postretirement Benefits (Continued)

Amortization Amounts Expected to be Recognized in Net Periodic Postretirement Cost During Fiscal Year Ending December 31, 2011 (pre-tax):

	Amount (In millions)
Amortization of net prior service cost (gain)	\$ (3.7)
Amortization of actuarial net loss (gain)	\$ (3.5)

	As of December 26, 2009		
	Canada Plans	U.S. Plan (In millions)	Consolidated
Change in projected postretirement benefit obligation:			
Projected postretirement benefit obligation at beginning of year			
Deconsolidation of Brewers' Retail, Inc.	\$ (68.4)	—	(68.4)
Service cost	2.9	0.1	3.0
Interest cost	9.3	0.1	9.4
Actuarial loss (gain)	8.8	(0.4)	8.4
Plan amendment	(19.1)	—	(19.1)
Benefits paid, net of participant contributions	(5.3)	—	(5.3)
Foreign currency exchange rate change	21.5	—	21.5
Projected postretirement benefit obligation at end of year	<u><u>\$ 158.2</u></u>	<u><u>\$ 1.5</u></u>	<u><u>\$ 159.7</u></u>
Funded status—Unfunded:			
Accumulated postretirement benefit obligation	<u><u>\$ (158.2)</u></u>	<u><u>\$ (1.5)</u></u>	<u><u>\$ (159.7)</u></u>
Amounts recognized in the Consolidated Balance Sheet:			
Accrued expenses and other liabilities	\$ (7.4)	\$ —	\$ (7.4)
Pension and postretirement benefits	(150.8)	(1.5)	(152.3)
Net amounts recognized	<u><u>\$ (158.2)</u></u>	<u><u>\$ (1.5)</u></u>	<u><u>\$ (159.7)</u></u>
Amounts in Accumulated Other Comprehensive (Income) Loss unrecognized as components of net periodic pension cost, pre-tax:			
Net actuarial (gain) loss	\$ (12.8)	\$ 0.4	\$ (12.4)
Net prior service credit	(17.2)	—	(17.2)
Total unrecognized	<u><u>\$ (30.0)</u></u>	<u><u>\$ 0.4</u></u>	<u><u>\$ (29.6)</u></u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Postretirement Benefits (Continued)**Expected Cash Flows**

Information about expected cash flows for the consolidated post-retirement plans follows:

	Amount (In millions)
2011	\$ 7.3
2012	\$ 7.7
2013	\$ 8.1
2014	\$ 8.5
2015	\$ 8.5
2016-2020	\$ 47.3

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1% point increase (unfavorable)	1% point decrease favorable
	(In millions)	
Canada plans (Molson)		
Effect on total of service and interest cost components	\$ (1.4)	\$ 1.2
Effect on postretirement benefit obligation	\$ (14.1)	\$ 12.8
U.S. plan		
Effect on total of service and interest cost components	\$ —	\$ —
Effect on postretirement benefit obligation	\$ (0.3)	\$ 0.2

18. Derivative Instruments and Hedging Activities**Overview and Risk Management Policies**

We use derivatives as part of our normal business operations to manage our exposure to fluctuations in interest, foreign currency, commodity, production and packaging material costs and for other strategic purposes related to our core business. We have established policies and procedures that govern the risk management of these exposures. Our primary objective in managing these exposures is to decrease the volatility of our earnings and cash flows affected by changes in the underlying rates and prices. We also occasionally transact derivatives for other strategic purposes, which includes our total return swaps and related option contracts.

To achieve this objective, we enter into a variety of financial derivatives, including foreign currency exchange, commodity, forward starting interest rate, and cross currency swaps, the values of which change in the opposite direction of the anticipated future cash flows. We also enter into physical hedging agreements directly with our suppliers as an added instrument to manage our exposure to certain commodities.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

Counterparty Risk

While, by policy, the counterparties to any of the financial derivatives we enter into are major institutions with investment grade credit ratings of at least A- (Standard & Poor's), A3 (Moody's) or better, we are exposed to credit related losses in the event of non-performance by counterparties. This credit risk is generally limited to the unrealized gains in such contracts, should any of these counterparties fail to perform as contracted.

We have established counterparty credit policy and guidelines that are monitored and reported to management according to prescribed guidelines to assist in managing this risk. As an additional measure, we utilize a portfolio of institutions either headquartered or operating in the same countries that we conduct our business. In calculating the fair value of our derivative balances, we also record an adjustment to recognize the risk of counterparty credit and MCBC non-performance risk.

Liquidity Risk

We base the fair value of our derivative instruments upon market rates and prices. The volatility of these rates and prices are dependent on many factors that cannot be forecasted with reliable accuracy. The current fair values of our contracts could differ significantly from the cash settled values with our counterparties. As such, we are exposed to liquidity risk related to unfavorable changes in the fair value of our derivative contracts.

We may be forced to cash settle all or a portion of our derivative contracts before the expected settlement date upon the occurrence of certain contractual triggers including a change of control termination event or other breach of agreement. This could have a negative impact on our cash position. For derivative contracts that we have designated as hedging instruments, early cash settlement would result in the timing of our hedge settlement not being matched to the cash settlement of the forecasted transaction or firm commitment. We may also decide to cash settle all or a portion of our derivative contracts before the expected settlement date through negotiations with our counterparties, which could also impact our liquidity.

Due to the nature of our counterparty agreements, we are not able to net positions with the same counterparty across business units. Thus, in the event of default, we may be required to early settle all out-of-the-money contracts, without the benefit of netting the fair value of any in-the-money positions against this exposure.

Collateral

For the majority of our derivative transactions, we do not receive and are not required to post collateral unless a change of control event occurs. This termination event would give either party the right to early terminate all outstanding swap transactions in the event that the other party consolidates, merges with, or transfers all or substantially all its assets to, another entity, and the creditworthiness of the surviving entity that has assumed such party's obligations is "materially weaker" than that of such party. As of December 25, 2010, we did not have any collateral posted with our counterparty.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

Derivative Accounting Policies

Overview

The majority of our derivative contracts qualify and are designated as cash flow hedges. We have also elected the Normal Purchase Normal Sales ("NPNS") exemption for certain contracts. These contracts are typically transacted with our suppliers and include risk management features that allow us to fix the price on specific volumes of purchases for specified delivery periods. The Company also considers whether any provisions in our contracts represent "embedded" derivative instruments as defined in authoritative accounting guidance. As of December 25, 2010, we have concluded that no "embedded" derivative instruments warrant separate fair value accounting.

Hedge Accounting Policies

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions. We also formally assess both at the hedge's inception and on an ongoing basis, specifically whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods.

We discontinue hedge accounting prospectively when (1) the derivative is no longer highly effective in offsetting changes in the cash flows of a forecasted future transaction; (2) the derivative expires or is sold, terminated, or exercised; (3) it is no longer probable that the forecasted transaction will occur; (4) management determines that designating the derivative as a hedging instrument is no longer appropriate; or (5) management decides to cease hedge accounting.

When we discontinue hedge accounting prospectively, but it continues to be probable that the forecasted transaction will occur in the originally expected period, the existing gain or loss on the derivative remains in accumulated other comprehensive income ("AOCI") and is reclassified into earnings when the forecasted transaction affects earnings. However, if it is no longer probable that a forecasted transaction will occur by the end of the originally specified time period or within an additional two-month period of time thereafter, the gains and losses in AOCI are recognized immediately in earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we carry the derivative at its fair value on the balance sheet until maturity, recognizing future changes in the fair value in current period earnings.

Presentation

Derivatives are recognized on the balance sheet at their fair value. See our discussion regarding fair value measurements below. In accordance with authoritative accounting guidance, we do not record the fair value of derivatives for which we have elected the NPNS exemption. We account for these contracts on an accrual basis, recording realized settlements related to these contracts to the same financial statement line items as the corresponding transaction.

For derivative contracts recorded on the balance sheet, MCBC allocates the current and non-current portion of each contract's fair value to the appropriate asset/liability line item. Unrealized gain positions are recorded as other current assets or other non-current assets. Unrealized loss positions are recorded as other current liabilities or other non-current liabilities. Our policy is to

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

present all derivative balances on a gross basis, without regard to counterparty master netting agreements or similar arrangements.

We record realized gains and losses from derivative instruments to the same financial statement line item as the hedged item/forecasted transaction. Changes in unrealized gains and losses for derivatives not designated as either a cash flow hedge or fair value hedge are recorded directly in earnings each period and are recorded to the same financial statement line item as the associated realized (cash settled) gains and losses.

Changes in fair values (to the extent of hedge effectiveness) of outstanding cash flow hedges are recorded in OCI, until earnings are affected by the variability of cash flows of the underlying hedged transaction. The recognition of effective hedge results in the consolidated statement of income offsets the gains or losses on the underlying exposure. Any ineffectiveness is recorded directly into earnings each period.

Significant Derivative/Hedge Positions

Cross Currency Swaps

Simultaneous with the September 22, 2005, U.S. private debt placement, we entered into a cross currency swap transaction for the entire \$300 million issue amount and for the same maturity of September 2010. In this transaction we exchanged our \$300 million for a CAD 355.5 million obligation with a third party. The swaps also called for an exchange of fixed CAD interest payments for fixed USD interest receipts. We designated this transaction as a hedge of the variability of the cash flows associated with the payment of interest and principal on the USD securities. Changes in the value of the transaction due to foreign exchange were recorded in earnings and were offset by a revaluation of the associated debt instrument. Changes in the value of the transaction due to interest rates were recorded to OCI.

During the third quarter of 2010, our \$300 million/CAD 355.5 million cross currency swap matured and was cash settled in accordance with the terms of the contract.

On April 10, 2007, we entered into several cross currency swaps that mature in May 2012 to hedge the foreign currency impact of intercompany GBP debt in a CAD functional currency subsidiary. The cross currency swaps are designated as cash flow hedges of forecasted CAD cash flows related to GBP interest and principal payments on the intercompany loans. The notional amount of the swaps is GBP 530 million (CAD 1.2 billion at inception). The cross currency swaps have been designated as cash flow hedges of the changes in value of the future CAD interest and principal payments that results from changes in the GBP to CAD exchange rates on an intercompany loan between our U.K. and Corporate segments.

We are also a party to other cross currency swaps totaling GBP 530 million (\$774 million at inception). The swaps call for an exchange of fixed GBP interest payments for fixed USD interest receipts. The cross currency swaps have been designated as cash flow hedges of the changes in value of the future GBP interest and principal receipts.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

Forward Starting Interest Rate Swaps

In order to manage our exposure to the volatility of the interest rates associated with the future interest payments on a forecasted debt issuance, we transacted forward starting interest rate swap contracts. These swaps had a total notional value of CAD 200 million with an average fixed rate of 3.3%. The swaps had an effective date which started in September 2010 and a termination date in 2017, mirroring the term of the forecasted debt issuance. Under these agreements we were required to early terminate these swaps in September of 2010, at the approximate time we issued the previously forecasted debt (see Note 14, "DEBT" for further discussion of our October 6, 2010 issuance of CAD 500 million 3.95% fixed rate senior notes). We had designated these contracts as cash flow hedges on a portion of the interest payments on a future forecasted debt issuance.

During the third quarter of 2010, our forward starting interest rate swaps matured and were cash settled in accordance with the terms of each contract. At the time of the CAD 500 million private placement offering and pricing, the government of Canada bond rates were trading at a yield lower than that locked in with the Company's interest rate lock. This resulted in a loss of CAD 7.9 million on the forward starting interest rate swaps. Per authoritative accounting guidance pertaining to derivatives and hedging, the loss is being amortized over the life of the Canadian issued private placement and will serve to increase the Company's effective cost of borrowing by approximately .0023% compared to the stated coupon on the issue.

Foreign Currency Forwards

As of period end, we have financial foreign exchange forward contracts in place to manage our exposure to foreign currency fluctuations. We hedge foreign currency exposure related to certain royalty agreements, exposure associated with the purchase of production inputs and imports that are denominated in currencies other than the functional entity's local currency, and other foreign exchanges exposures. We use foreign currency forward contracts to hedge these future forecasted transactions with up to a thirty-six month horizon.

Commodity Swaps

As of yearend, we had financial commodity swap contracts in place to hedge certain future expected purchases of natural gas. Essentially, these contracts allow us to swap our floating exposure to natural gas prices for a fixed rate. These contracts have been designated as cash flow hedges of forecasted natural gas purchases. The fair value of these swaps depends upon current market rates in relation to our fixed rate under the swap agreements at period end. MCBC uses these swaps to hedge forecasted purchases up to twenty-four months in advance.

Total Return Swaps

In 2008, we entered into a series of cash settled total return swap contracts. We transacted these swaps for the purpose of gaining exposure to Foster's, a major global brewer. These swaps are marked-to-market each period as these swaps do not qualify for hedge accounting. As such, all unrealized gains and losses related to these swaps are recorded directly to the income statement and are classified as other income (expense) in MCI and Corporate. During the third quarter of 2010, we accelerated the maturity dates of our total return swaps related to Foster's stock, and the majority of these swaps were settled prior to year end. Simultaneously, we entered into a series of option contracts

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

to limit our exposure to future changes in Foster's stock price, effectively fixing a range of settlement values for our remaining open swap positions. The remaining total return swaps and related options matured in January of 2011.

Derivative Fair Value Measurements

We utilize market approaches to estimate the fair value of our derivative instruments by discounting anticipated future cash flows derived from the derivative's contractual terms and observable market interest, foreign exchange and commodity rates. The fair values of our derivatives also include credit risk adjustments to account for our counterparties' credit risk, as well as MCBC's own non-performance risk. As of December 25, 2010 and December 26, 2009 these adjustments resulted in net gains in AOCI of \$2.7 million and \$3.3 million, respectively, as the fair values of our derivatives were in net liability positions at both period ends.

The table below summarizes our derivative assets and liabilities that were measured at fair value as of December 25, 2010 and December 26, 2009. See Note 1 "Basis of Presentation and Summary of Significant Accounting Policies" for further discussion related to measuring fair value derivative instruments.

	Total carrying value at December 25, 2010	Fair Value Measurements at December 25, 2010 Using		
		Quoted prices in active markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Cross currency swaps	\$ (412.2)	\$ —	\$ (412.2)	\$ —
Foreign currency forwards	(16.3)	—	(16.3)	
Commodity swaps	(2.0)	—	(2.0)	
Total return swaps	1.2	—	1.2	
Option contracts	2.9	—	—	2.9
Total	\$ (426.4)	\$ —	\$ (429.3)	\$ 2.9

	Total carrying value at December 26, 2009	Fair Value Measurements at December 26, 2009 Using		
		Quoted prices in active markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Cross currency swaps	\$ (413.0)	\$ —	\$ (413.0)	\$ —
Forward starting interest rate swaps	6.3	—	6.3	—
Foreign currency forwards	(8.5)	—	(8.5)	—
Commodity swaps	(0.9)	—	(0.9)	—
Total return swaps	(1.8)	—	(1.8)	—
Total	\$ (417.9)	\$ —	\$ (417.9)	\$ —

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

The table below summarizes derivative valuation activity using significant unobservable inputs (Level 3) (In millions):

	Rollforward of Level 3 Inputs
Balance at December 28, 2008	\$ 10.5
Total gains or losses (realized/unrealized)	
Included in earnings (or change in net assets)	—
Included in AOCI	—
Purchases, issuances and settlements	—
Transfers In/Out of Level 3	(10.5)
Balance at December 26, 2009	\$ —
Total gains or losses (realized/unrealized)	
Included in earnings (or change in net assets)	—
Included in AOCI	—
Purchases, issuances and settlements	2.9
Transfers In/Out of Level 3	—
Balance at December 25, 2010	<u><u>\$ 2.9</u></u>

During 2010 we entered into new option contracts that were classified as Level 3 as the valuations were based upon significant unobservable inputs. We did not have any significant transfers between Level 1 and Level 2 during the year.

During 2009 we transferred \$10.5 million of derivative liability related to one cross currency swap out of Level 3 and into Level 2 as the position's valuation became based upon observable market inputs with unobservable inputs no longer playing a significant role in the valuation.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)**Results of Period Derivative Activity**

The tables below include the year to date results of our derivative activity in the Consolidated Balance Sheet as of December 25, 2010 and the Consolidated Statement of Operations for the year ended December 25, 2010.

Fair Value of Derivative Instruments in the Consolidated Balance Sheet (in millions)

		As of December 25, 2010				
		Asset derivatives		Liability derivatives		
		Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value
Derivatives designated as hedging instruments:						
Cross currency swaps	USD	1,637.1	Other current assets	\$ —	Accrued expenses	\$ (11.2)
			Other assets	—	Long term derivative liability	(401.0)
Forward starting interest rate swaps	USD	—	Other current assets	—	Accrued expenses	—
Foreign currency forwards	USD	426.0	Other current assets	0.3	Accrued expenses	(12.4)
			Other assets	0.1	Long term derivative liability	(3.4)
Commodity swaps	Gigajoules	2.2	Other current assets	0.1	Accrued expenses	(1.8)
			Other assets	—	Long term derivative liability	(0.4)
Total derivatives designated as hedging instruments				\$ 0.5		\$ (430.2)
Derivatives not designated as hedging instruments:						
Foreign currency forwards	USD	13.9	Other current assets	\$ —	Accrued expenses	\$ (0.8)
Total return swaps	Australian dollar ("AUD")	42.1	Other current assets	1.2	Accrued expenses	—
Option contracts	FGL.ASX Shares	7.6	Other current assets	3.1	Accrued expenses	(0.2)
Total derivatives not designated as hedging instruments				\$ 4.3		\$ (1.0)

MCBC allocates the current and non-current portion of each contract to the corresponding derivative account above.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

The Effect of Derivative Instruments on the Consolidated Statement of Operations (in millions)

For the year ended December 25, 2010						Amount of gain (loss) recognized in income on derivative (ineffective portion and amount)
Amount of gain (loss) recognized	Location of gain (loss) reclassified from AOCI into income (effective portion)	Amount of gain (loss) recognized from AOCI on derivative (effective portion)	Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Excluded from effectiveness testing		
Derivatives in cash flow hedge relationships						
		Other income	Other income			
Cross currency contracts(1)	\$ 9.9 (expense), net	\$ (39.9) (expense), net	\$ (12.1) Interest expense	\$ —		
Forward starting interest rate swaps	(13.9)Interest expense		(0.2)Interest expense			
Foreign currency forwards	Other income (6.3) (expense), net Cost of goods sold Marketing, general and administrative expenses		Other income (5.0) (expense), net (1.7)Cost of goods sold Marketing, general and administrative expenses			
Commodity swaps	(1.2)Cost of goods sold		(1.7)Cost of goods sold			
Total	\$ (11.5)		\$ (60.5)			\$ —

Note: Amounts recognized in AOCI are gross of taxes

(1) The foreign exchange gain (loss) component of these cross currency swaps is offset by the corresponding gain (loss) on the hedged forecasted transactions in Other income (expense), net and Interest expense, net.

During the period we recorded no significant ineffectiveness related to these cash flow hedges.

Other Derivatives (in millions)

For the year ended December 25, 2010		
	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Derivatives not in hedging relationship		
Cash settled total return swap	Other income (expense), net	\$ 28.3
Option contracts	Other income (expense), net	21.7
Foreign currency forwards	Other income (expense), net	(6.0)
		\$ 44.0

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

The tables below include the year to date results of our derivative activity in the Consolidated Balance Sheet as of December 26, 2009 and the Consolidated Statement of Operations for the year ended December 26, 2009.

Fair Value of Derivative Instruments in the Consolidated Balance Sheet (in millions)

As of December 26, 2009						
	Asset derivatives			Liability derivatives		
	Notional amount	Balance sheet location	Fair value	Balance sheet location	Fair value	
Derivatives designated as hedging instruments						
Cross currency swaps	USD	1,992.4	Other current assets Other assets	\$ — Accrued expenses Long term derivative liability	\$ (46.9) (366.1)	
Forward starting interest rate swaps	USD	190.5	Other current assets	6.3	Accrued expenses	—
Foreign currency forwards	USD	339.3	Other current assets Other assets	4.6 1.1	Accrued expenses Long term derivative liability	(6.1) (8.1)
Commodity swaps	Gigajoules	1.2	Other current assets Other assets	— —	Accrued expenses Long term derivative liability	(0.9) —
Total derivative designated as hedging instruments				\$ 12.0		\$ (428.1)
Derivatives not designated as hedging instruments						
Total return swap	AUD	496.5	Other current assets	\$ —	Accrued expenses	\$ (1.8)
Total derivative not designated as hedging instruments				\$ —		\$ (1.8)

MCBC allocates the current and non-current portion of each contract to the corresponding derivative account above.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Derivative Instruments and Hedging Activities (Continued)

The Effect of Derivative Instruments on the Consolidated Statement of Operations (in millions)

For the year ended December 26, 2009						Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)
Amount of gain (loss) recognized	Location of gain (loss) reclassified from AOCI into income (effective portion)	Amount of gain (loss) recognized from AOCI on derivative (effective portion)	Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	
Derivatives in cash flow hedge relationships						
		Other income	Other income			
Cross currency contracts(1)	\$ (3.2) (expense), net	\$ (120.3) (expense), net	\$ (5.8) Interest expense	\$ —	\$ —	
Forward starting interest rate swaps	5.8 Interest expense	—	Interest expense	—	—	
Foreign currency forwards	Other income (61.7) (expense), net Cost of goods sold Marketing, general and administrative expenses	3.0 (expense), net 13.8 Cost of goods sold (0.5) expenses	Other income Cost of goods sold Marketing, general and administrative expenses	— — —	— — —	
Commodity swaps	1.1 Cost of goods sold	(3.5)Cost of goods sold	—	—	—	
Total	\$ (58.0)	\$ (113.3)				\$ —

Note: Amounts recognized in AOCI are gross of taxes

(1) The foreign exchange gain (loss) component of these cross currency swaps is offset by the corresponding gain (loss) on the hedged forecasted transactions in Other income (expense), net and Interest expense, net.

During the period we recorded no significant ineffectiveness related to these cash flow hedges.

Other Derivatives (in millions)

For the year ended December 26, 2009		
	Location of gain (loss) recognized in income on derivative	Amount of gain (loss) recognized in income on derivative
Derivatives not in hedging relationship		
Cash settled total return swap	Other income, net	\$ 0.7
Physical commodity contracts	Cost of goods sold	(9.6)
		\$ (8.9)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Accrued expenses and other liabilities

	As of	
	December 25, 2010	December 26, 2009
	(In millions)	
Accrued compensation	\$ 86.0	\$ 85.6
Accrued excise taxes	221.5	223.8
Accrued selling and marketing costs	92.8	93.7
Accrued brewing operations costs	202.4	173.4
Other	228.3	168.5
 Accrued expenses and other liabilities	 \$ 831.0	 \$ 745.0

Accrued brewing operations costs consist of amounts owed for beer raw materials, packaging materials, freight charges, utilities, and other manufacturing and distribution costs. The increases in values from 2009 to 2010 are primarily attributable to increases in accrued brewing operations costs and reclassification of our guarantee related to BRI indebtedness from long-term to short-term discussed in further detail in Note 20 "Commitments and Contingencies".

20. Commitments and Contingencies**Letters of Credit**

As of December 25, 2010, we had approximately \$17.7 million outstanding in letters of credit with financial institutions. These letters expire at different points in 2011. Approximately \$3.3 million of the letters contain a feature that automatically renews the letter for an additional year if no cancellation notice is submitted. These letters of credit are being maintained as security for deferred compensation payments, reimbursements to insurance companies, reimbursements to the trustee for pension payments, deductibles or retention payments made on our behalf, various payments due to governmental agencies, and for operations of underground storage tanks.

Guarantees

MCBC guarantees indebtedness and other obligations to banks and other third parties for some of its equity investments and consolidated subsidiaries, primarily BRI. Refer to Note 4, "Investments," for further information. Other liabilities in the accompanying Consolidated Balance Sheets include \$100.4 million, of which \$94.2 million is current and \$6.2 million is non-current, and \$96.4 million, all of which is non-current, as of December 25, 2010, and December 26, 2009, respectively, related to such guarantees.

Supply Contracts

We have various long-term supply contracts with unaffiliated third parties and our joint venture partners to purchase materials used in production and packaging, such as starch, cans and glass. The supply contracts provide that we purchase certain minimum levels of materials throughout the terms of the contracts. The future aggregate minimum required purchase commitments under these supply contracts are shown in the table below. The amounts in the table do not represent all anticipated

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

payments under long-term contracts. Rather, they represent unconditional and legally enforceable committed expenditures:

	Amount (In millions)
2011	\$ 94.0
2012	7.1
2013	24.2
2014	0.9
2015	0.4
Thereafter	0.4
Total	\$ 127.0

Our total purchases under these contracts in 2010, 2009 and 2008 were approximately \$492.8 million, \$599.8 million and \$1,073.9 million, respectively.

Graphic Packaging Corporation

We had a packaging supply agreement with a subsidiary of Graphic Packaging Corporation, a related party, under which we purchased our U.S. segment paperboard requirements. This contract is now held by MillerCoors. Our payments under the packaging agreement in the first half of 2008 totaled \$42.7 million.

Advertising and Promotions

We have various long-term non-cancelable commitments for advertising, sponsorships and promotions, including marketing at sports arenas, stadiums and other venues and events. From time to time, MCBC guarantees the financial performance under certain contracts on behalf of its subsidiaries. At December 25, 2010, these future commitments are as follows:

	Amount (In millions)
2011	\$ 138.6
2012	31.5
2013	26.5
2014	23.7
2015	23.9
Thereafter	39.8
Total	\$ 284.0

Total advertising expense was \$361.6 million, \$349.3 million and \$610.0 million in 2010, 2009 and 2008, respectively.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

Leases

We lease certain office facilities and operating equipment under cancelable and non-cancelable agreements accounted for as operating leases. Future minimum lease payments under operating leases that have initial or remaining non-cancelable terms in excess of one year are as follows:

	<u>Amount</u> (In millions)
2011	\$ 28.1
2012	20.7
2013	15.9
2014	10.3
2015	7.0
Thereafter	26.5
Total	\$ 108.5

Total rent expense was \$33.5 million, \$31.0 million and \$62.2 million in 2010, 2009 and 2008, respectively.

Environmental

When we determine that it is probable that a liability for environmental matters or other legal actions exists and the amount of the loss is reasonably estimable, an estimate of the future costs are recorded as a liability in the financial statements. Costs that extend the life, increase the capacity or improve the safety or efficiency of Company-owned assets or are incurred to mitigate or prevent future environmental contamination may be capitalized. Other environmental costs are expensed when incurred. Environmental expenditures at each of our segments for 2010, 2009 and 2008 were \$0.2 million, \$1.5 million and \$4.4 million, respectively.

Canada

Our Canada brewing operations are subject to provincial environmental regulations and local permit requirements. Our Montréal and Toronto breweries have water treatment facilities to pre-treat waste water before it goes to the respective local governmental facility for final treatment. We have environmental programs in Canada including organization, monitoring and verification, regulatory compliance, reporting, education and training, and corrective action.

We sold a chemical specialties business in 1996. The Company is still responsible for certain aspects of environmental remediation, undertaken or planned, at those chemical specialties business locations. We have established provisions for the costs of these remediation programs.

United States

We are one of a number of entities named by the Environmental Protection Agency ("EPA") as a potentially responsible party ("PRP") at the Lowry Superfund site. This landfill is owned by the City and County of Denver ("Denver") and is managed by Waste Management of Colorado, Inc. ("Waste Management"). In 1990, we recorded a pretax charge of \$30 million, a portion of which was put into a

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

trust in 1993 as part of a settlement with Denver and Waste Management regarding then-outstanding litigation. Our settlement was based on an assumed remediation cost of \$120 million (in 1992 adjusted dollars). We are obligated to pay a portion of future costs, if any, in excess of that amount.

Waste Management provides us with updated annual cost estimates currently extending through 2032. We reviewed these cost estimates in the assessment of our accrual related to this issue. We use certain assumptions that differ from Waste Management's estimates to assess our expected liability. Our expected liability (based on the \$120 million threshold being met) is based on our best estimates available.

The assumptions used are as follows:

- trust management costs are included in projections with regard to the \$120 million threshold, but are expensed only as incurred;
- income taxes, which we believe are not an included cost, are excluded from projections with regard to the \$120 million threshold;
- a 2.5% inflation rate for future costs; and
- certain operations and maintenance costs were discounted using a 4.60% risk-free rate of return.

Based on these assumptions, the present value and gross amount of the costs at December 25, 2010, are approximately \$3.2 million and \$5.3 million, respectively. Accordingly, we believe that the existing liability is adequate as of December 25, 2010. We did not assume any future recoveries from insurance companies in the estimate of our liability, and none are expected.

Considering the estimates extend through the year 2032 and the related uncertainties at the site, including what additional remedial actions may be required by the EPA, new technologies and what costs are included in the determination of when the \$120 million threshold is reached, the estimate of our liability may change as further facts develop. We cannot predict the amount of any such change, but additional accruals in the future are possible.

In April 2009, we received a written notice relating to the Lowry site, that the State of Colorado intended to seek compensation from MCBC and other parties to recover for natural resources damages. The State of Colorado informally asserted total damages of up to \$10 million. However, the Company was potentially liable for only a portion of those damages. The State and the top responsible parties reached a settlement regarding this matter, and the settlement was approved by the court. We closed and paid this settlement of \$0.3 million in the fourth quarter of 2010.

In October 2006 we were notified by the EPA that we are a PRP, along with approximately 60 other parties, at the Cooper Drum site in southern California. Certain of Molson's former non-beer business operations, which were discontinued and sold in the mid-1990s prior to the Merger, were involved at this site. We responded to the EPA with information regarding our past involvement with the site. We have accrued \$0.2 million, which represents our estimable loss at this time. Potential losses associated with the Cooper Drum site could increase as remediation planning progresses.

During the third quarter of 2008 we were notified by the EPA that we are a PRP, along with others, at the East Rutherford and Berry's Creek sites in New Jersey. Certain of Molson's former non-beer business operations, which were discontinued and sold in the mid-1990s, were involved at this

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

site. We have accrued \$4.1 million, which represents our estimable loss at this time. Potential losses associated with the Berry's Creek site could increase as remediation planning progresses.

While we cannot predict the eventual aggregate cost for environmental and related matters in which we are currently involved, we believe that any payments, if required, for these matters would be made over a period of time in amounts that would not be material in any one year to our operating results, cash flows or our financial or competitive position. We believe adequate reserves have been provided for losses that are probable and estimable.

We are aware of groundwater contamination at some of our properties in Colorado resulting from historical, ongoing, or nearby activities. There may also be other contamination of which we are currently unaware.

From time to time, we have been notified that we are or may be a PRP under the Comprehensive Environmental Response, Compensation, and Liability Act or similar state laws for the cleanup of sites where hazardous substances have allegedly been released into the environment. We cannot predict with certainty the total costs of cleanup, our share of the total cost, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups or insurance coverage.

United Kingdom

We are subject to the requirements of government and local environmental and occupational health and safety laws and regulations. Compliance with these laws and regulations did not materially affect our 2010 capital expenditures, earnings or competitive position, and we do not anticipate that they will do so in 2011.

Indemnity Obligations—Sale of Kaiser

As discussed in Note 5 "Discontinued Operations," we sold our entire equity interest in Kaiser during 2006 to FEMSA. The terms of the sale agreement require us to indemnify FEMSA for certain exposures related to tax, civil and labor contingencies arising prior to FEMSA's purchase of Kaiser.

Additionally, we provided an indemnity to FEMSA for losses Kaiser may incur with respect to tax claims associated with certain previously utilized purchased tax credits. We generally classify such purchased tax credits into two categories.

During 2009, FEMSA entered into a Brazilian tax amnesty program which substantially reduced penalties, interest, and attorney's fees owed by Kaiser to the government for the first category of purchased tax credits. In 2009, we provided consent to FEMSA to enter into the amnesty program but had not agreed to an indemnity amount owed to FEMSA related to the indemnity for these tax credits.

During 2010, we reached a settlement agreement with FEMSA for the entirety of our indemnity obligations corresponding to the principal, penalties, interest and attorney's fees owed by Kaiser for this first category of purchased credits. This favorable settlement involved a cash payment of \$96.0 million, and eliminated \$284.5 million of maximum potential tax claims of which \$131.2 million of indemnity liabilities were accrued on our balance sheet at December 26, 2009.

The maximum potential claims amount remaining for the second category of purchased tax credits (which we believe present less risk than the first category), was \$261.8 million as of December 25, 2010.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

As of December 25, 2010, our total estimate of the indemnity liability was \$23.7 million, \$9.5 million of which was classified as a current liability and \$14.2 million of which was classified as non-current. Our indemnity obligations decreased by \$130.9 million during 2010, primarily as a result of the aforementioned settlement, slightly offset by the impact of foreign exchange.

Our estimates consider a number of scenarios for the ultimate resolution of these issues, the probabilities of which are influenced not only by legal developments in Brazil but also by management's intentions with regard to various alternatives that could present themselves leading to the ultimate resolution of these issues. The liabilities are impacted by changes in estimates regarding amounts that could be paid, the timing of such payments, adjustments to the probabilities assigned to various scenarios and foreign exchange.

Additionally, we provided indemnity related to all other tax, civil, and labor contingencies existing as of the date of sale. In this regard, however, FEMSA assumed their full share of all of these contingent liabilities that had been previously recorded and disclosed by us prior to the sale on January 13, 2006. However, we may have to provide indemnity to FEMSA if those contingencies settle at amounts greater than those amounts previously recorded or disclosed by us. We will be able to offset any indemnity exposures in these circumstances with amounts that settle favorably to amounts previously recorded. Our exposure related to these indemnity claims is capped at the amount of the sales price of the 68% equity interest of Kaiser, which was \$68.0 million. As a result of these contract provisions, our estimates include not only probability-weighted potential cash outflows associated with indemnity provisions, but also probability-weighted cash inflows that could result from favorable settlements, which could occur through negotiation or settlement programs that could arise from the federal or any of the various state governments in Brazil. The recorded value of the tax, civil, and labor indemnity liability was \$10.0 million as of December 25, 2010, which is classified as non-current.

Future settlement procedures and related negotiation activities associated with these contingencies are largely outside of our control. The sale agreement requires annual cash settlements relating to the tax, civil, and labor indemnities. Indemnity obligations related to purchased tax credits generally are settled upon notification of FEMSA's settlement. Due to the uncertainty involved with the ultimate outcome and timing of these contingencies, significant adjustments to the carrying values of the indemnity obligations have been recorded to date, and additional future adjustments may be required. These liabilities are denominated in Brazilian Reals and have been stated at present value and will, therefore, be subject in the future to foreign exchange gains or losses and to accretion cost, both of which will be recognized in the discontinued operations section of the statement of operations.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

The table below provides a summary of contingency reserve balances from December 30, 2007, through December 25, 2010:

	Purchased tax credits indemnity reserve	Tax, civil and labor indemnity reserve (In millions)	Total indemnity reserves
Balance at December 30, 2007	\$ 116.8	\$ 38.2	\$ 155.0
Adjustments to indemnity liabilities due to changes in estimates	42.5	(22.0)	20.5
Foreign exchange impact	(38.5)	(3.8)	(42.3)
Balance at December 28, 2008	\$ 120.8	\$ 12.4	\$ 133.2
Adjustments to indemnity liabilities due to changes in estimates	(5.9)	(6.4)	(12.3)
Foreign exchange impact	39.7	3.5	43.2
Balance at December 26, 2009	\$ 154.6	\$ 9.5	\$ 164.1
Adjustments to indemnity liabilities due to changes in estimates	(32.3)	—	(32.3)
Cash settlement	(96.0)	—	(96.0)
Foreign exchange impact	(2.6)	0.5	(2.1)
Balance at December 25, 2010	<u><u>\$ 23.7</u></u>	<u><u>\$ 10.0</u></u>	<u><u>\$ 33.7</u></u>

Litigation and Other Disputes

In 1999, Molson entered into an agreement for the distribution of Molson products in Brazil. In 2000, before commencing that business, Molson terminated the distribution agreement and paid the distributor \$150,000 in settlement. The distributor then sued Molson to set aside the settlement and to seek additional compensation. The Appellate Court of the State of Rio de Janeiro ("Appellate Court") set aside the settlement agreement and determined that Molson was liable to the distributor, with the amount of damages to be determined through subsequent proceedings. An appeal of the liability decision is currently pending before the Brazilian Superior Court of Justice, which allowed Molson's appeal during the fourth quarter of fiscal year 2009 and agreed to hear the merits of Molson's appeal. With respect to damages, the case was remanded to a Rio de Janeiro trial court to determine the amount of damages. The trial court retained an expert who provided a report adopting the position of the distributor and recommended damages based on a business plan that was never implemented. Molson challenged the irregularity of the expert process, the impartiality of the expert, as well as the report's specific recommendation. The trial court denied Molson's challenges. Molson filed an appeal before the Appellate Court regarding these procedural irregularities, which was denied during the fourth quarter of fiscal year 2009. Following the trial court's procedural ruling during the third quarter of 2009, that court handed down a decision in the distributor's favor granting the full amount of the lost anticipated profits alleged by the distributor, approximately \$42 million, plus attorney's fees and interest. Molson appealed the judgment to the Appellate Court. During the fourth quarter of 2009, the Appellate Court directed the court-retained expert to explain the basis for his damages calculation. During the first quarter of 2010, the Appellate Court granted Molson's appeal and vacated the \$42 million judgment. The Appellate Court remanded the proceeding to the trial court and ordered that court to select a different expert. The Appellate Court furthermore directed the trial court to use

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Commitments and Contingencies (Continued)

specific criteria in setting damages, the effect of which should be to substantially reduce the award. Molson sought clarification as to the precise criteria to be used. In late April 2010, the Appellate Court denied Molson's motion for clarification, but limited the accrual of interest in this matter. In mid October 2010, the Appellate Court denied the distributor's motion to set aside the vacation of the \$42 million judgment. We will continue to defend this case vigorously, and believe that a material adverse result is not probable.

We are involved in other disputes and legal actions arising in the ordinary course of our business. While it is not feasible to predict or determine the outcome of these proceedings, in our opinion, based on a review with legal counsel, none of these disputes and legal actions is expected to have a material impact on our consolidated financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters, for example, including the above-described advertising practices case, may arise from time to time that may harm our business.

Insurance

We are self-insured for certain insurable risks consisting primarily of U.S. employee health insurance programs. As with other large corporations, we maintain deductibles or self-insured retentions (SIR) for various types of insurance, e.g.: automobile liability, general and product liability and property. At times, we may decide to be self-insured for a particular insurable risk if we deem the cost to be greater than the potential benefit. In the past, we have been self-insured for certain insurable risks, such as employer's liability in the U.K., and the resulting claims reserves are reviewed and adjusted as necessary at least on a quarterly basis. Our accrued reserves related to self-insurance and deductibles/SIR were \$2.6 million and \$2.1 million at December 25, 2010 and December 26, 2009, respectively.

21. Supplemental Guarantor Information

For purposes of this Note 21, including the table, the following terms shall mean:

"Parent Guarantor and 2007 Issuer" shall mean MCBC; "2002 Issuer" shall mean CBC; "2005 Issuers and 2010 Issuer" shall mean collectively Molson Coors International, LP and Molson Coors Capital Finance ULC.

On June 15, 2007, MCBC issued \$575.0 million of 2.5% Convertible Senior Notes due July 30, 2013 in a registered offering (see Note 13, "Debt"). The convertible notes are guaranteed on a senior unsecured basis by CBC, Molson Coors International, LP ("MCI LP"), Molson Coors Capital Finance ULC ("MC Capital Finance") and certain U.S. and Canadian subsidiaries of MCBC ("Subsidiary Guarantors").

On May 7, 2002, CBC completed a public offering of \$850.0 million principal amount of 6.375% Senior notes due 2012. During the third quarter of 2007, \$625.0 million of these notes were extinguished by the proceeds received from the 2.5% Convertible Senior Notes and cash on hand. During the first quarter of 2008, an additional \$180.4 million of these notes were extinguished using existing cash resources. The remaining outstanding senior notes are guaranteed on a senior and unsecured basis by MCBC, MCI LP, MC Capital Finance, and the Subsidiary Guarantors. The guarantees are full and unconditional and joint and several.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

On September 22, 2005, MCI LP and MC Capital Finance completed a public offering of \$1.1 billion principal amount of Senior notes composed of \$300 million 4.85% notes due 2010 and CAD 900.0 million 5.00% notes due 2015. During the third quarter of 2010, the \$300 million 4.85% notes were repaid in full. Subsequently on October 6, 2010, MCI LP, completed a private placement in Canada of CAD 500 million 3.95% fixed rate Series A Notes due 2017. Although MC Capital Finance was not a co-issuer on the 2010 notes, it continues to be presented with MCI LP as MC Capital Finance is an inactive entity with no activity or any remaining significant assets or liabilities which would require separate presentation. Both the remaining CAD 900.0 million 2005 notes and the 2010 Series A Notes are guaranteed on a senior and unsecured basis by MCBC, CBC, and Subsidiary Guarantors, and for the 2010 Series A Notes, MC Capital Finance. The guarantees are full and unconditional and joint and several. Funds necessary to meet the debt service obligations of MCI LP and MC Capital Finance are provided in large part by distributions or advances from MCBC's other subsidiaries. Under certain circumstances, contractual and legal restrictions, as well as our financial condition and operating requirements, could limit the ability of MCI LP and MC Capital Finance to obtain cash for the purpose of meeting its debt service obligation, including the payment of principal and interest on the notes.

On June 30, 2008, Molson Canada 2005, an indirect wholly owned subsidiary of MCBC, guaranteed the obligations of MCBC under the credit facility dated as of March 2, 2005. As a result of such guarantee, Molson Canada 2005 became a guarantor under the following (i) the indenture related to the Senior notes dated as of May 7, 2002 and as supplemented; (ii) the indenture related to the Senior notes dated September 22, 2005 and as supplemented; and (iii) the indenture related to the Senior convertible notes dated June 15, 2007 and as supplemented (collectively the "Notes"). This change was effective for our 2008 third quarter.

On December 25, 2010, CBC transferred its equity method investment in MillerCoors to MC Holding Company LLC, a newly created wholly-owned subsidiary of MCBC and a guarantor of the Notes as well as the 2010 senior notes. As a result of the transfer, the investment in MillerCoors is presented in the column "Subsidiary Guarantors" at December 25, 2010 and all results of operations and cash flows related to the investment in MillerCoors subsequent to December 25, 2010 will be presented in that column. The transfer of the investment between the 2002 Issuer and Subsidiary Guarantor categories does not negatively affect the holders of the Notes or the holders of the 2010 senior notes as both the prior holder of the MillerCoors investment, CBC, and the current holder, MC Holding Company LLC, are joint and severally liable under the Notes and the 2010 senior notes by virtue of their status as issuer or guarantor.

We revised our presentation of the supplemental guarantor information to separately present the impact of intercompany activity for the Parent Guarantor and 2007 Issuer, the 2002 Issuer, the 2005 Issuers and 2010 Issuer, Subsidiary Guarantor and Subsidiary Non-Guarantor categories. As such, our consolidating financial statements for all periods reflect the revised presentation, with the most significant change being the gross presentation of our intercompany notes receivable and payable amongst affiliates and the related impacts on the statements of operations and cash flows. Intercompany notes receivable, which were previously included as a component of equity, continue to be presented as a component of equity (contra-equity) based on the nature of the notes, anticipated repayments and the consideration of the inherent control associated with the relationships of the entities, while the intercompany notes payable are now presented as a liability. Additionally, we have revised our presentation of the 2008 and 2009 guarantor statements of cash flows to reflect the

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

elimination of certain cash flows that were previously presented within the elimination column resulting from the classification changes made to our intercompany note presentation. Our prior period consolidating financial information has also been revised to present the comparative information consistent with the new presentation. We believe that the revised presentation provides greater clarity surrounding the activity between the guarantors and non-guarantors of our third party debt. The revised presentation of the supplemental guarantor information does not amend or change the respective priority or status of the above-referenced senior notes and convertible notes.

The following information sets forth the Condensed Consolidating Statements of Operations for the years ended December 25, 2010, December 26, 2009 and December 28, 2008, Condensed Consolidating Balance Sheets as of December 25, 2010, and December 26, 2009, and Condensed Consolidating Statements of Cash Flows for the years ended December 25, 2010, December 26, 2009 and December 28, 2008. Investments in subsidiaries are accounted for on the equity method; accordingly, entries necessary to consolidate the Parent Guarantor, each of the issuers and all of our guarantor and non-guarantor subsidiaries are reflected in the eliminations column. In the opinion of management, separate complete financial statements of MCBC, CBC, MCI LP, MC Capital Finance, and the Subsidiary Guarantors would not provide additional material information that would be useful in assessing their financial composition.

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 25, 2010
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers and 2010 Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	\$ 22.4	\$ 201.7	\$ —	\$ 2,521.4	\$ 2,176.8	\$ (219.2)	\$ 4,703.1
Excise taxes	—	—	—	(609.5)	(839.2)	—	(1,448.7)
Net sales	22.4	201.7	—	1,911.9	1,337.6	(219.2)	3,254.4
Cost of goods sold	—	(45.9)	—	(970.4)	(992.5)	196.6	(1,812.2)
Gross profit	22.4	155.8	—	941.5	345.1	(22.6)	1,442.2
Marketing, general and administrative expenses	(122.9)	(35.6)	—	(485.8)	(392.6)	24.4	(1,012.5)
Special items, net	(1.2)	—	—	(17.6)	(2.5)	—	(21.3)
Equity income (loss) in subsidiaries	739.4	250.4	90.2	(438.2)	440.3	(1,082.1)	—
Equity income in MillerCoors	—	456.1	—	—	—	—	456.1
Operating income (loss)	637.7	826.7	90.2	(0.1)	390.3	(1,080.3)	864.5
Interest income (expense), net	(33.3)	48.5	(56.9)	318.9	(376.5)	(0.1)	(99.4)
Other income (expense), net	91.6	(3.5)	—	1.4	406.0	(451.6)	43.9
Income (loss) from continuing operations before income taxes	696.0	871.7	33.3	320.2	419.8	(1,532.0)	809.0
Income tax benefit (expense)	11.7	(99.0)	(21.6)	(27.3)	(2.5)	—	(138.7)
Income (loss) from continuing operations	707.7	772.7	11.7	292.9	417.3	(1,532.0)	670.3
Income (loss) from discontinued operations, net of tax	—	—	—	—	39.6	—	39.6

Net income (loss)	707.7	772.7	11.7	292.9	456.9	(1,532.0)	709.9
Less: Net income attributable to noncontrolling interests	—	—	—	—	(2.2)	—	(2.2)
Net income (loss) attributable to MCBC	<u>\$ 707.7</u>	<u>\$ 772.7</u>	<u>\$ 11.7</u>	<u>\$ 292.9</u>	<u>\$ 454.7</u>	<u>\$ (1,532.0)</u>	<u>\$ 709.9</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 26, 2009
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Sales	\$ 25.9	\$ 197.2	\$ —	\$ 2,274.5	\$ 2,141.7	\$ (212.8)	\$ 4,426.5
Excise taxes	—	—	—	(539.5)	(854.6)	—	(1,394.1)
Net sales	25.9	197.2	—	1,735.0	1,287.1	(212.8)	3,032.4
Cost of goods sold	—	(47.3)	—	(898.1)	(968.5)	187.0	(1,726.9)
Gross profit	25.9	149.9	—	836.9	318.6	(25.8)	1,305.5
Marketing, general and administrative expenses	(99.8)	(43.8)	—	(431.2)	(351.7)	25.7	(900.8)
Special items, net	(0.9)	—	—	(12.9)	(18.9)	—	(32.7)
Equity income (loss) in subsidiaries	860.1	295.3	335.4	(212.4)	394.6	(1,673.0)	—
Equity income in MillerCoors	—	382.0	—	—	—	—	382.0
Operating income (loss)	785.3	783.4	335.4	180.4	342.6	(1,673.1)	754.0
Interest income (expense), net	(66.3)	42.8	(154.5)	155.8	60.1	(123.8)	(85.9)
Other income (expense), net	6.8	6.8	(18.4)	1.6	52.6	—	49.4
Income (loss) from continuing operations before income taxes	725.8	833.0	162.5	337.8	455.3	(1,796.9)	717.5
Income tax benefit (expense)	(5.4)	(59.2)	(30.4)	11.7	98.0	—	14.7
Income (loss) from continuing operations	720.4	773.8	132.1	349.5	553.3	(1,796.9)	732.2
Income (loss) from discontinued operations, net of tax	—	—	—	—	(9.0)	—	(9.0)
Net income (loss)	720.4	773.8	132.1	349.5	544.3	(1,796.9)	723.2
Less: Net income attributable to noncontrolling interests	—	—	—	—	(2.8)	—	(2.8)
Net income (loss) attributable to MCBC	<u>\$ 720.4</u>	<u>\$ 773.8</u>	<u>\$ 132.1</u>	<u>\$ 349.5</u>	<u>\$ 541.5</u>	<u>\$ (1,796.9)</u>	<u>\$ 720.4</u>

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 28, 2008
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Non Guarantors	Eliminations	Consolidated
Sales	\$ 23.9	\$ 2,082.7	\$ —	\$ 2,479.9	\$ 2,704.3	\$ (639.0)	\$ 6,651.8
Excise taxes		(231.6)	—	(564.4)	(1,081.5)	—	(1,877.5)
Net sales	23.9	1,851.1	—	1,915.5	1,622.8	(639.0)	4,774.3
Cost of goods sold		(1,124.6)	—	(1,044.6)	(1,279.5)	607.9	(2,840.8)
Gross profit	23.9	726.5	—	870.9	343.3	(31.1)	1,933.5
Marketing, general and administrative expenses	(102.8)	(441.6)	—	(424.8)	(395.9)	31.9	(1,333.2)
Special items, net	(58.8)	(18.1)	—	(59.3)	2.3	—	(133.9)
Equity income (loss) in subsidiaries	579.9	98.5	86.8	(370.3)	375.5	(770.4)	—
Equity income in MillerCoors	—	155.6	—	—	—	—	155.6
Operating income (loss)	442.2	520.9	86.8	16.5	325.2	(769.6)	622.0
Interest income (expense), net	(27.5)	45.2	(31.4)	58.7	(8.8)	(150.4)	(114.2)
Other income (expense), net	51.5	3.0	—	(0.6)	(62.3)	—	(8.4)
Income (loss) from continuing operations before income taxes	466.2	569.1	55.4	74.6	254.1	(920.0)	499.4
Income tax benefit (expense)	(87.5)	21.9	(51.6)	28.3	(7.5)	—	(96.4)
Income (loss) from continuing operations	378.7	591.0	3.8	102.9	246.6	(920.0)	403.0
Income (loss) from discontinued operations, net of tax	—	—	—	—	(12.1)	—	(12.1)
Net income (loss)	378.7	591.0	3.8	102.9	234.5	(920.0)	390.9
Less: Net income attributable to noncontrolling interests	—	—	—	0.1	(12.3)	—	(12.2)
Net income (loss) attributable to MCBC	\$ 378.7	\$ 591.0	\$ 3.8	\$ 103.0	\$ 222.2	\$ (920.0)	\$ 378.7

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 25, 2010
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers and 2010 Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 832.0	\$ 7.0	\$ 0.8	\$ 189.3	\$ 188.5	\$ —	\$ 1,217.6
Accounts receivable, net	—	4.2	—	208.9	358.5	(0.8)	570.8
Other receivables, net	17.2	32.7	—	17.8	91.0	—	158.7
Total inventories, net	—	—	—	93.3	101.7	—	195.0
Other assets, net	4.4	1.8	—	36.2	35.8	—	78.2
Deferred tax assets	—	—	—	—	1.0	(1.0)	—
Discontinued operations	—	—	—	—	0.6	—	0.6
Intercompany accounts receivable	16.3	18.9	139.5	365.8	692.3	(1,232.8)	—
Total current assets	869.9	64.6	140.3	911.3	1,469.4	(1,234.6)	2,220.9
Properties, net	33.6	7.1	—	852.3	495.7	—	1,388.7
Goodwill	—	11.4	—	370.8	1,106.9	—	1,489.1
Other intangibles, net	—	40.4	—	4,233.9	380.8	—	4,655.1
Investment in MillerCoors	—	—	—	2,574.1	—	—	2,574.1
Net investment in and advances to subsidiaries	7,540.5	4,044.5	2,025.0	—	4,876.8	(18,486.8)	—
Deferred tax assets	183.4	108.7	7.1	8.4	—	(119.4)	188.2
Other assets	4.8	12.9	6.0	76.3	81.5	—	181.5
Total assets	\$ 8,632.2	\$ 4,289.6	\$ 2,178.4	\$ 9,027.1	\$ 8,411.1	\$ (19,840.8)	\$ 12,697.6
Liabilities and equity							
Current liabilities:							
Accounts payable	\$ 5.3	\$ 0.2	\$ —	\$ 80.5	\$ 183.0	\$ (0.8)	\$ 268.2
Accrued expenses and other liabilities	39.4	15.2	15.9	396.9	363.6	—	831.0
Deferred tax liability	153.5	—	—	—	67.1	(1.0)	219.6
Short-term borrowings and current portion of long-term debt	—	—	—	—	1.1	—	1.1
Discontinued operations	—	—	—	—	14.0	—	14.0
Intercompany accounts payable	0.1	7.9	238.0	619.3	367.5	(1,232.8)	—
Total current liabilities	198.3	23.3	253.9	1,096.7	996.3	(1,234.6)	1,333.9
Long-term debt	528.7	45.0	1,385.9	—	—	—	1,959.6

Net investment in and advances to subsidiaries	—	—	—	865.4	—	(865.4)	—
Deferred tax liability	—	102.2	1.5	—	482.4	(119.4)	466.7
Other liabilities	9.1	57.2	2.9	710.8	290.6	—	1,070.6
Discontinued operations	—	—	—	—	24.2	—	24.2
Intercompany notes payable	—	—	3,601.9	5,345.7	7,086.8	(16,034.4)	—
Total liabilities	736.1	227.7	5,246.1	8,018.6	8,880.3	(18,253.8)	4,855.0
MCBC stockholders' equity	7,898.0	4,913.9	1,603.3	9,137.8	1,867.2	(17,621.4)	7,798.8
Intercompany notes receivable	(1.9)	(852.0)	(4,671.0)	(8,129.3)	(2,380.2)	16,034.4	—
Total stockholders' equity	7,896.1	4,061.9	(3,067.7)	1,008.5	(513.0)	(1,587.0)	7,798.8
Noncontrolling interests	—	—	—	—	43.8	—	43.8
Total equity	7,896.1	4,061.9	(3,067.7)	1,008.5	(469.2)	(1,587.0)	7,842.6
Total liabilities and equity	\$ 8,632.2	\$ 4,289.6	\$ 2,178.4	\$ 9,027.1	\$ 8,411.1	\$ (19,840.8)	\$ 12,697.6

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 26, 2009
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	\$ 392.8	\$ —	\$ 0.1	\$ 175.0	\$ 166.3	\$ —	\$ 734.2
Accounts receivable, net	3.6	4.1	—	203.3	355.7	—	566.7
Other receivables, net	16.2	27.4	—	20.9	88.6	(2.6)	150.5
Total inventories, net	—	—	—	93.3	88.0	—	181.3
Other assets, net	4.0	1.0	—	35.1	25.2	—	65.3
Deferred tax assets	—	—	—	0.4	0.7	(1.1)	—
Discontinued operations	—	—	—	—	9.9	—	9.9
Intercompany accounts receivable	—	455.7	—	538.8	310.0	(1,304.5)	—
Total current assets	416.6	488.2	0.1	1,066.8	1,044.4	(1,308.2)	1,707.9
Properties, net	35.8	7.3	—	840.4	463.9	—	1,347.4
Goodwill	—	11.4	—	348.9	1,114.7	—	1,475.0
Other intangibles, net	—	44.5	—	4,117.7	372.5	—	4,534.7
Investment in MillerCoors	—	2,613.6	—	—	—	—	2,613.6
Net investment in and advances to subsidiaries	7,561.0	3,620.7	3,251.5	3,079.4	4,624.0	(22,136.6)	—
Deferred tax assets	144.6	90.1	—	3.7	43.2	(103.7)	177.9
Other assets	6.4	13.5	4.0	49.8	90.9	—	164.6
Discontinued operations	—	—	—	—	—	—	—
Total assets	<u>\$ 8,164.4</u>	<u>\$ 6,889.3</u>	<u>\$ 3,255.6</u>	<u>\$ 9,506.7</u>	<u>\$ 7,753.6</u>	<u>\$ (23,548.5)</u>	<u>\$ 12,021.1</u>
Liabilities and equity							
Current liabilities:							
Accounts payable	\$ 5.7	\$ 0.8	\$ —	\$ 49.1	\$ 154.7	\$ —	\$ 210.3
Accrued expenses and other liabilities	39.6	14.7	54.8	294.7	343.8	(2.6)	745.0
Deferred tax liability	90.0	—	—	—	78.2	(1.1)	167.1
Short-term borrowings and current portion of long-term debt	—	0.3	300.0	—	—	—	300.3
Discontinued operations	—	—	—	—	158.2	—	158.2
Intercompany accounts payable	431.3	4.1	201.0	391.8	276.3	(1,304.5)	—
Total current liabilities	566.6	19.9	555.8	735.6	1,011.2	(1,308.2)	1,580.9

Long-term debt	511.8	45.0	856.0	—	(0.1)	—	1,412.7
Deferred tax liability	—	102.2	3.3	—	466.2	(103.7)	468.0
Other liabilities	6.4	82.4	2.8	747.3	609.1	—	1,448.0
Discontinued operations	—	—	—	—	18.7	—	18.7
Intercompany notes payable	—	—	2,943.3	4,722.7	3,681.3	(11,347.3)	—
Total liabilities	1,084.8	249.5	4,361.2	6,205.6	5,786.4	(12,759.2)	4,928.3
MCBC stockholders' equity	7,081.2	7,532.3	2,765.8	9,329.2	2,507.7	(22,136.6)	7,079.6
Intercompany notes receivable	(1.6)	(892.5)	(3,871.4)	(6,028.1)	(553.7)	11,347.3	—
Total stockholders' equity	7,079.6	6,639.8	(1,105.6)	3,301.1	1,954.0	(10,789.3)	7,079.6
Noncontrolling interests	—	—	—	—	13.2	—	13.2
Total equity	7,079.6	6,639.8	(1,105.6)	3,301.1	1,967.2	(10,789.3)	7,092.8
Total liabilities and equity	\$ 8,164.4	\$ 6,889.3	\$ 3,255.6	\$ 9,506.7	\$ 7,753.6	\$ (23,548.5)	\$ 12,021.1

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 25, 2010
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers and 2010 Issuer	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 491.2	\$ 184.0	\$ (203.5)	\$ 1,437.7	\$ (714.1)	\$ (445.6)	\$ 749.7
CASH FLOWS FROM INVESTING ACTIVITIES:							
Additions to properties and intangible assets	(5.8)	—	—	(95.4)	(76.7)	—	(177.9)
Proceeds from sales of properties and intangible assets, net	—	—	—	1.2	4.0	—	5.2
Proceeds from sales (purchases) of investment securities, net	—	—	—	—	(10.8)	—	(10.8)
Acquisition of business, net of cash acquired	—	—	—	—	(19.8)	—	(19.8)
Payment on discontinued operations	—	—	—	—	(96.0)	—	(96.0)
Investment in MillerCoors	—	(1,071.2)	—	—	—	—	(1,071.2)
Return of capital from MillerCoors	—	1,060.3	—	—	—	—	1,060.3
Trade loan repayments from customers	—	—	—	—	16.6	—	16.6
Trade loans advanced to customers	—	—	—	—	(9.1)	—	(9.1)
Proceeds from settlements of derivative instruments	35.1	—	—	—	—	—	35.1
Other	—	0.1	—	—	0.1	—	0.2
Net intercompany investing activity	(54.7)	31.9	1,625.3	773.7	(1,367.4)	(1,008.8)	—
Net cash provided (used in) by investing activities	(25.4)	21.1	1,625.3	679.5	(1,559.1)	(1,008.8)	(267.4)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Issuances of stock under equity compensation plans	38.5	—	—	—	—	—	38.5
Excess tax benefits from share-based compensation	4.8	—	—	—	—	—	4.8
Dividends paid	(177.0)	—	—	(415.3)	(54.4)	445.6	(201.1)

Dividends paid to noncontrolling interest holders	—	—	—	—	(3.7)	—	(3.7)
Proceeds from issuances of long-term debt	—	—	488.4	—	—	—	488.4
Debt issuance costs	—	—	(3.3)	—	—	—	(3.3)
Payments of long term debt and capital lease obligations	—	—	(300.0)	—	—	—	(300.0)
Proceeds from short term borrowings	—	—	—	—	12.1	—	12.1
Payments on short term borrowings	—	—	—	—	(8.1)	—	(8.1)
Payments on settlements of debt-related derivatives	—	—	(42.0)	—	—	—	(42.0)
Change in overdraft balances and other	—	—	—	—	6.8	—	6.8
Net intercompany financing activity	107.1	(198.1)	(1,564.2)	(1,699.5)	2,345.9	1,008.8	—
Net cash provided by (used in) financing activities	(26.6)	(198.1)	(1,421.1)	(2,114.8)	2,298.6	1,454.4	(7.6)
CASH AND CASH EQUIVALENTS							
Net increase (decrease) in cash and cash equivalents	439.2	7.0	0.7	2.4	25.4	—	474.7
Effect of foreign exchange rate changes on cash and cash equivalents	—	—	—	11.9	(3.2)	—	8.7
Balance at beginning of year	392.8	—	0.1	175.0	166.3	—	734.2
Balance at end of period	\$ 832.0	\$ 7.0	\$ 0.8	\$ 189.3	\$ 188.5	\$ —	\$ 1,217.6

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 26, 2009
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 268.4	\$ 151.5	\$ 122.7	\$ 515.7	\$ (39.2)	\$ (160.8)	\$ 858.3
CASH FLOWS FROM INVESTING ACTIVITIES:							
Additions to properties and intangible assets	(16.2)	—	—	(77.5)	(65.1)	—	(158.8)
Proceeds from sales of properties and intangible assets, net	1.2	—	—	0.7	56.1	—	58.0
Acquisition of business, net of cash acquired	—	—	—	—	(41.7)	—	(41.7)
Investment in MillerCoors	—	(514.5)	—	—	—	—	(514.5)
Return of capital from MillerCoors	—	448.2	—	—	—	—	448.2
Investment in and advances to unconsolidated affiliates	—	—	—	—	—	—	—
Deconsolidation of Brewers' Retail, Inc.	—	—	—	(26.1)	—	—	(26.1)
Trade loan repayments from customers	—	—	—	—	32.1	—	32.1
Trade loans advanced to customers	—	—	—	—	(25.5)	—	(25.5)
Other	—	0.1	—	—	—	—	0.1
Net intercompany investing activity	(33.1)	(93.1)	(985.9)	(1,845.3)	(1,421.4)	4,378.8	—
Net cash provided by (used in) investing activities	(48.1)	(159.3)	(985.9)	(1,948.2)	(1,465.5)	4,378.8	(228.2)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Issuances of stock under equity compensation plans	43.1	—	—	—	—	—	43.1
Excess tax benefits from share-based compensation	21.7	—	—	—	—	—	21.7
Dividends paid	(148.4)	—	—	—	(182.8)	160.8	(170.4)
Dividends paid to noncontrolling interest holders	—	—	—	(2.9)	—	—	(2.9)
Payments of long term debt and capital lease obligations	—	—	—	(0.1)	(0.3)	—	(0.4)
Proceeds from short term borrowings	—	—	—	2.6	12.1	—	14.7
Payments on short term borrowings	—	—	—	(2.6)	(14.4)	—	(17.0)
Change in overdraft	—	—	—	—	—	—	—

balances and other	—	—	—	(0.3)	(5.7)	—	(6.0)
Net intercompany financing activity	171.2	7.3	863.2	1,576.2	1,760.9	(4,378.8)	—
Net cash provided by (used in) financing activities	87.6	7.3	863.2	1,575.8	1,566.9	(4,218.0)	(117.2)
CASH AND CASH EQUIVALENTS:							
Net increase (decrease) in cash and cash equivalents	307.9	(0.5)	—	143.3	62.2	—	512.9
Effect of foreign exchange rate changes on cash and cash equivalents	—	0.1	—	7.6	(2.6)	—	5.1
Balance at beginning of year	84.9	0.4	0.1	24.1	106.7	—	216.2
Balance at end of period	\$ 392.8	\$ —	\$ 0.1	\$ 175.0	\$ 166.3	\$ —	\$ 734.2

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Supplemental Guarantor Information (Continued)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 28, 2008
(IN MILLIONS)

	Parent Guarantor and 2007 Issuer	2002 Issuer	2005 Issuers	Subsidiary Guarantors	Subsidiary Non Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ (209.8)	\$ 91.0	\$ (58.7)	\$ 443.7	\$ 306.4	\$ (142.0)	\$ 430.6
CASH FLOWS FROM INVESTING ACTIVITIES:							
Additions to properties and intangible assets	(13.6)	(52.8)	—	(78.5)	(104.7)	—	(249.6)
Proceeds from sales of properties and intangible assets, net	—	31.5	—	1.0	6.3	—	38.8
Proceeds from sales of investment securities	22.8	—	—	—	—	—	22.8
Investment in MillerCoors	—	(84.3)	—	—	—	—	(84.3)
Investment in and advances to unconsolidated affiliates	—	—	—	(4.8)	(2.1)	—	(6.9)
Trade loan repayments from customers	—	—	—	—	25.8	—	25.8
Trade loans advanced to customers	—	—	—	—	(31.5)	—	(31.5)
Other	(1.9)	(1.8)	—	—	—	—	(3.7)
Net intercompany investing activity	(151.2)	(824.6)	1,339.2	5,204.9	5,703.2	(11,271.5)	—
Net cash provided by (used in) investing activities	(143.9)	(932.0)	1,339.2	5,122.6	5,597.0	(11,271.5)	(288.6)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Issuances of stock under equity compensation plans	59.0	—	—	—	—	—	59.0
Excess tax benefits from share-based compensation	8.3	—	—	—	—	—	8.3
Dividends paid	(118.9)	—	—	(8.4)	(153.8)	142.0	(139.1)
Dividends paid to noncontrolling interest holders	—	—	—	—	(20.3)	—	(20.3)
Proceeds from issuances of long term debt	—	—	—	—	16.0	—	16.0
Payments of long term debt and capital lease	—	—	—	—	—	—	—

obligations	—	(180.4)	(0.5)	(0.4)	—	(181.3)	
Proceeds from short term borrowings	—	—	—	42.4	12.1	—	54.5
Payments on short term borrowings	—	—	—	(39.9)	(7.4)	—	(47.3)
Net proceeds from revolving credit facilities	—	—	—	—	1.1	—	1.1
Change in overdraft balances and other	(1.5)	(39.3)	—	73.7	(62.7)	—	(29.8)
Settlement of debt-related derivatives	—	12.0	—	0.6	(0.6)	—	12.0
Net intercompany financing activity	248.0	1,047.8	(1,280.5)	(5,603.4)	(5,683.4)	11,271.5	—
Net cash provided by (used in) financing activities	194.9	840.1	(1,280.5)	(5,535.5)	(5,899.4)	11,413.5	(266.9)
CASH AND CASH EQUIVALENTS							
Net increase (decrease) in cash and cash equivalents	(158.8)	(0.9)	—	30.8	4.0	—	(124.9)
Effect of foreign exchange rate changes on cash and cash equivalents	—	(0.1)	—	(12.3)	(23.5)	—	(35.9)
Balance at beginning of year	243.7	1.4	0.1	5.6	126.2	—	377.0
Balance at end of period	\$ 84.9	\$ 0.4	\$ 0.1	\$ 24.1	\$ 106.7	\$ —	\$ 216.2

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Quarterly Financial Information (Unaudited)

The following summarizes selected quarterly financial information for each of the two years ended December 25, 2010 and December 26, 2009.

2010	First	Second	Third	Fourth	Full Year
	(In millions, except per share data)				
Sales	\$ 947.0	\$ 1,282.6	\$ 1,260.1	\$ 1,213.4	\$ 4,703.1
Excise taxes	(286.0)	(399.3)	(385.1)	(378.3)	(1,448.7)
Net sales	661.0	883.3	875.0	835.1	3,254.4
Cost of goods sold	(404.4)	(474.8)	(457.4)	(475.6)	(1,812.2)
Gross profit	\$ 256.6	\$ 408.5	\$ 417.6	\$ 359.5	\$ 1,442.2
Amounts attributable to MCBC:					
Income from continuing operations	\$ 62.0	\$ 237.8	\$ 257.0	\$ 111.3	\$ 668.1
Gain (loss) from discontinued operations, net of tax	42.6	(0.6)	(0.9)	(1.5)	39.6
Net income	\$ 104.6	\$ 237.2	\$ 256.1	\$ 109.8	\$ 707.7
Basic income (loss) per share:					
From continuing operations	\$ 0.33	\$ 1.28	\$ 1.39	\$ 0.60	\$ 3.59
From discontinued operations	0.23	—	(0.01)	(0.01)	0.21
Basic net income per share	\$ 0.56	\$ 1.28	\$ 1.38	\$ 0.59	\$ 3.80
Diluted income (loss) per share:					
From continuing operations	\$ 0.33	\$ 1.27	\$ 1.38	\$ 0.59	\$ 3.57
From discontinued operations	0.23	—	(0.01)	(0.01)	0.21
Diluted net income per share	\$ 0.56	\$ 1.27	\$ 1.37	\$ 0.58	\$ 3.78

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Quarterly Financial Information (Unaudited) (Continued)

<u>2009</u>	<u>First</u>	<u>Second</u> (In millions, except per share data)	<u>Third</u>	<u>Fourth</u>	<u>Full Year</u>
Sales	\$ 824.2	\$ 1,160.4	\$ 1,250.3	\$ 1,191.6	\$ 4,426.5
Excise taxes	(265.2)	(361.5)	(396.6)	(370.8)	(1,394.1)
Net sales	559.0	798.9	853.7	820.8	3,032.4
Cost of goods sold	(346.1)	(432.6)	(472.6)	(475.6)	(1,726.9)
Gross profit	<u>\$ 212.9</u>	<u>\$ 366.3</u>	<u>\$ 381.1</u>	<u>\$ 345.2</u>	<u>\$ 1,305.5</u>
Amounts attributable to MCBC:					
Income from continuing operations	\$ 79.6	\$ 187.3	\$ 244.3	\$ 218.2	\$ 729.4
Gain (loss) from discontinued operations, net of tax	(3.9)	—	(9.0)	3.9	(9.0)
Net income	<u>\$ 75.7</u>	<u>\$ 187.3</u>	<u>\$ 235.3</u>	<u>\$ 222.1</u>	<u>\$ 720.4</u>
Basic income (loss) per share:					
From continuing operations	\$ 0.43	\$ 1.02	\$ 1.32	\$ 1.19	\$ 3.96
From discontinued operations	(0.02)	—	(0.05)	0.02	(0.05)
Basic net income per share	<u>\$ 0.41</u>	<u>\$ 1.02</u>	<u>\$ 1.27</u>	<u>\$ 1.21</u>	<u>\$ 3.91</u>
Diluted income (loss) per share:					
From continuing operations	\$ 0.43	\$ 1.01	\$ 1.31	\$ 1.17	\$ 3.92
From discontinued operations	(0.02)	—	(0.05)	0.02	(0.05)
Diluted net income per share	<u>\$ 0.41</u>	<u>\$ 1.01</u>	<u>\$ 1.26</u>	<u>\$ 1.19</u>	<u>\$ 3.87</u>

As discussed in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," during the fourth quarter of 2010, we changed the classification of our returnable bottles and pallets to noncurrent assets within Properties in the Consolidated Balance Sheets and adjusted our Consolidated Statements of Cash Flows accordingly, reflecting the purchases of returnable bottles and pallets as

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Quarterly Financial Information (Unaudited) (Continued)

investing activities. The amounts presented in our historical quarterly financial statements have also been retrospectively adjusted to conform to the current year presentation as follows:

		September 25, 2010— As previously reported	September 25, 2010— As adjusted
		(in millions)	
Inventories, Packaging materials	Condensed Consolidated Balance Sheet	\$ 63.5	\$ 9.4
Total current assets	Condensed Consolidated Balance Sheet	\$ 1,857.8	\$ 1,803.7
Properties	Condensed Consolidated Balance Sheet	\$ 1,294.5	\$ 1,348.6
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 133.8	\$ 151.9
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (60.2)	\$ (61.0)
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 725.9	\$ 743.2
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (77.7)	\$ (95.0)
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (220.9)	\$ (238.2)

		September 26, 2009— As previously reported	September 26, 2009— As adjusted
		(in millions)	
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 135.3	\$ 150.0
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (116.0)	\$ (106.0)
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 666.8	\$ 691.5
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (71.7)	\$ (96.4)
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (226.5)	\$ (251.2)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Quarterly Financial Information (Unaudited) (Continued)

			June 26, 2010—	June 26, 2010—
			As previously reported	As adjusted
(in millions)				
Inventories, Packaging materials	Condensed Consolidated Balance Sheet	\$ 61.3	\$ 8.3	
Total current assets	Condensed Consolidated Balance Sheet	\$ 1,923.5	\$ 1,870.5	
Properties	Condensed Consolidated Balance Sheet	\$ 1,240.0	\$ 1,293.0	
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 92.0	\$ 104.1	
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (52.8)	\$ (54.7)	
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 395.6	\$ 405.8	
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (51.4)	\$ (61.6)	
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (232.3)	\$ (242.5)	

		June 28, 2009—	June 28, 2009—
		As previously reported	As adjusted
(in millions)			
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 88.8	\$ 97.7
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (83.7)	\$ (73.9)
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 352.5	\$ 371.2
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (45.2)	\$ (63.9)
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (210.3)	\$ (229.0)

MOLSON COORS BREWING COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Quarterly Financial Information (Unaudited) (Continued)

			March 27, 2010—	March 27, 2010—
			As previously reported	As adjusted
(in millions)				
Inventories, Packaging materials	Condensed Consolidated Balance Sheet	\$ 62.5	\$ 8.9	
Total current assets	Condensed Consolidated Balance Sheet	\$ 1,625.3	\$ 1,571.7	
Properties	Condensed Consolidated Balance Sheet	\$ 1,262.5	\$ 1,316.1	
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 47.0	\$ 53.1	
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (34.7)	\$ (36.4)	
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 86.0	\$ 90.4	
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (23.0)	\$ (27.4)	
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (118.4)	\$ (122.8)	
(in millions)				
March 29, 2009—				
		As previously reported	March 29, 2009—	As adjusted
		(in millions)		
Depreciation and amortization—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ 44.4	\$ 48.6	
Change in current assets and liabilities and other—Operating activities	Condensed Consolidated Statement of Cash Flows	\$ (91.3)	\$ (93.2)	
Net cash provided by operating activities	Condensed Consolidated Statement of Cash Flows	\$ 4.8	\$ 7.1	
Additions to properties and intangible assets—Investing activities	Condensed Consolidated Statement of Cash Flows	\$ (19.6)	\$ (21.9)	
Net cash used in investing activities	Condensed Consolidated Statement of Cash Flows	\$ (110.4)	\$ (112.7)	

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures that, by their nature, can only provide reasonable assurance regarding management's control objectives. Also, we have investments in certain unconsolidated entities that we do not control or manage. Consequently, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our consolidated subsidiaries.

The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 25, 2010 and, based on their evaluation, have concluded that our disclosure controls and procedures were effective and operating at the reasonable assurance level.

The certifications attached as Exhibits 31 and 32 hereto should be read in conjunction with the disclosures set forth herein.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, assessed the effectiveness of internal control over financial reporting as of December 25, 2010, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation,

management has concluded that our internal control over financial reporting was effective as of December 25, 2010.

The Company's independent registered public accounting firm has audited the effectiveness of the Company's internal control over financial reporting as of December 25, 2010, as stated in the report which appears herein.

Changes in Internal Control over Financial Reporting

We account for our interest in MillerCoors under the equity method, and as a result, the existence of MillerCoors impacts the scope of the Company's internal controls over financial reporting. MillerCoors continues to integrate legacy CBC and Miller core processes, systems and controls.

There were no changes in internal control over financial reporting during the quarter ended December 25, 2010, that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Certain information required by this Item concerning our executive officers is set forth in Item 1 of Part I "Business—Executive Officers." Additional information concerning our executive officers, directors and corporate governance is incorporated herein by reference to the Company's definitive proxy statement.

ITEM 11. Executive Compensation

Incorporated by reference to the Company's definitive proxy statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information related to Security Ownership of Certain Beneficial Owners and Management is incorporated by reference to the Company's definitive proxy statement.

Equity Compensation Plan Information

The following table summarizes information about the 1990 Adolph Coors Equity Incentive Plan, the Equity Compensation Plan for Non-Employee Directors and the Molson Coors Brewing Company Incentive Compensation Plan (collectively the "Plans") as of December 25, 2010. All outstanding awards shown in the table below relate to our Class B common stock.

Plan category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and rights	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by security holders(1)	6,789,977	\$ 37.92	4,778,784
Equity compensation plans not approved by security holders	None	None	None

(1) We may issue securities under the Plans in forms other than options, warrants or rights. Under the Plans, we may issue restricted stock units ("RSUs"), deferred stock units ("DSUs"), and performance units ("PUs").

As of December 25, 2010, there were also RSUs, DSUs and PUs outstanding. See Part II—Item 8 Financial Statements and Supplementary Data, Note 14 "Share-Based Payments" of the Notes to the Consolidated Financial Statements for further discussion.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference to the Company's definitive proxy statement.

ITEM 14. Principal Accountant Fees and Services

Incorporated by reference to the Company's definitive proxy statement.

PART IV**ITEM 15. Exhibits and Financial Statement Schedules****(a) Financial Statements, Financial Statement Schedules and Exhibits**

The following are filed as a part of this Report on Form 10-K

(1) Management's Report to Stockholders

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Income for the three years ended December 25, 2010, December 26, 2009 and December 28, 2008

Consolidated Balance Sheets at December 25, 2010 and December 26, 2009

Consolidated Statements of Cash Flows for the three years ended December 25, 2010, December 26, 2009 and December 28, 2008

Consolidated Statements of Stockholders' Equity and Noncontrolling Interest for the three years ended December 25, 2010, December 26, 2009 and December 28, 2008

Notes to Consolidated Financial Statements

(2) Schedule II—Valuation and Qualifying Accounts for the three years ended December 25, 2010, December 26, 2009 and December 28, 2008

(3) Exhibit list

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation of Molson Coors Brewing Company.	Schedule 14A	Annex G	December 9, 2004	
3.2	Third Amended and Restated Bylaws of Molson Coors Brewing Company.	10-Q	3.1	August 4, 2009	
4.1.1	Indenture, dated as of May 7, 2002, by and among the Issuer, the Guarantors and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.1	May 15, 2002	
4.1.2	First Supplemental Indenture, dated as of May 7, 2002 by and among the issuer, the Guarantors and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.2	May 15, 2002	
4.1.3	Fourth Supplemental Indenture, dated as of April 10, 2007, by and among the issuer, the Guarantors and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.1	August 7, 2007	
4.1.4	Fifth Supplemental Indenture, dated as of February 1, 2008 by and among the issuer, the Guarantors and Deutsche Bank Trust Company Americas, as trustee.	10-K	4.4	February 22, 2008	
4.1.5	Sixth Supplemental Indenture dated as of May 23, 2008, to the Indenture dated May 7, 2002, by and among Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee.	10-Q	4.1	August 6, 2008	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.1.6	Seventh Supplemental Indenture dated as of June 27, 2008, to the Indenture dated May 7, 2002, by and among Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee.	10-Q	4.2	August 6, 2008	
4.1.7	Eighth Supplemental Indenture dated as of June 30, 2008, to the Indenture dated May 7, 2002, by and among Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee.	10-Q	4.3	August 6, 2008	
4.2	Registration Rights Agreement, dated as of February 9, 2005, among Adolph Coors Company, Pentland Securities (1981) Inc., 4280661 Canada Inc., Nooya Investments Ltd., Lincolnshire Holdings Limited, 4198832 Canada Inc., BAX Investments Limited, 6339522 Canada Inc., Barleycorn Investments Ltd., DJS Holdings Ltd., 6339549 Canada Inc., Hoopoe Holdings Ltd., 6339603 Canada Inc., and The Adolph Coors, Jr. Trust dated September 12, 1969.	8-K	99.2	February 15, 2005	
4.3.1	Indenture dated as of September 22, 2005, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and TD Banknorth, National Association and the Canada Trust Company as co-trustees.	S-4	4.1	October 19, 2005	
4.3.2	First Supplemental Indenture dated as of September 22, 2005, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and TD Banknorth, National Association as trustee.	S-4	4.2	October 19, 2005	
4.3.3	Second Supplemental Indenture dated as of September 22, 2005, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and The Canada Trust Company as trustee.	S-4	4.3	October 19, 2005	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.3.4	Third Supplemental Indenture dated as of April 10, 2007, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and The Canada Trust Company as trustee.	10-Q	4.2	August 7, 2007	
4.3.5	Fourth Supplemental Indenture dated as of February 1, 2008, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and The Canada Trust Company as trustee.	10-K	4.12	February 22, 2008	
4.3.6	Fifth Supplemental Indenture dated as of May 23, 2008, to the Indenture dated September 22, 2005, among Molson Coors Capital Finance ULC, the guarantors named therein, Bank of New York Trust Company, as trustee, and Computershare Trust Company of Canada, as Canadian trustee.	10-Q	4.4	August 6, 2008	
4.3.7	Sixth Supplemental Indenture dated as of June 27, 2008, to the Indenture dated September 22, 2005, among Molson Coors Capital Finance ULC, the guarantors named therein, Bank of New York Trust Company, as trustee, and Computershare Trust Company of Canada, as Canadian trustee.	10-Q	4.5	August 6, 2008	
4.3.8	Seventh Supplemental Indenture dated as of June 30, 2008, to the Indenture dated September 22, 2005, among Molson Coors Capital Finance ULC, the guarantors named therein, Bank of New York Trust Company, as trustee, and Computershare Trust Company of Canada, as Canadian trustee.	10-Q	4.6	August 6, 2008	
4.4	Registration Rights Agreement dated as of September 22, 2005, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated as representatives of the several initial purchasers named in the related Purchase Agreement.	S-4	4.5	October 19, 2005	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.5	Exchange Offer Agreement dated as of September 22, 2005, among Molson Coors Capital Finance ULC, Molson Coors Brewing Company, Coors Brewing Company, Coors Distributing Company, Coors International Market Development, L.L.L.P., Coors Worldwide, Inc., Coors Global Properties, Inc., Coors Intercontinental, Inc., and Coors Brewing Company International, Inc. and BMO Nesbitt Burns Inc., TD Securities Inc., J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated, Deutsche Bank Securities Inc., Deutsche Bank Securities Limited, J.P. Morgan Securities Canada Inc., and Morgan Stanley Canada Limited, as the initial purchasers named in the related Canadian Purchase Agreement.	10-Q	4.7	November 4, 2005	
4.6.1	Indenture, dated as of June 15, 2007, among Molson Coors Brewing Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as Trustee.	8-K	4.1	June 21, 2007	
4.6.2	First Supplemental Indenture, dated as of June 15, 2007, among Molson Coors Brewing Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as Trustee.	8-K	4.2	June 21, 2007	
4.6.3	Second Supplemental Indenture, dated as of January 31, 2008, among Molson Coors Brewing Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as Trustee.	10-K	4.19	February 22, 2008	
4.6.4	Third Supplemental Indenture, dated as of February 1, 2008, among Molson Coors Brewing Company, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as Trustee.	10-K	4.2	February 22, 2008	
4.6.5	Fourth Supplemental Indenture dated as of May 23, 2008, to the Indenture dated June 15, 2007, among Molson Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.7	August 6, 2008	
4.6.6	Fifth Supplemental Indenture dated as of June 27, 2008, to the Indenture dated June 15, 2007, among Molson Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.8	August 6, 2008	
4.6.7	Sixth Supplemental Indenture dated as of June 30, 2008, to the Indenture dated June 15, 2007, among Molson Coors Brewing Company, the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee.	10-Q	4.9	August 6, 2008	
4.14	CAD 900,000,000 in aggregate principal amount of 5.00% Notes due 2015.	10-Q	4.5	November 4, 2005	
10.1*	Adolph Coors Company 1990 Equity Incentive Plan effective August 14, 2003, As Corrected and Conformed June 30, 2004.	10-Q	10.1	August 6, 2004	
10.2	Form of CBC Distributorship Agreement.	10-K	10.20	March 28, 1997	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.3*	Adolph Coors Company Equity Compensation Plan for Non-Employee Directors, Amended and Restated effective November 13, 2003, As Corrected and Conformed June 30, 2004.	10-Q	10.3	August 6, 2004	
10.4	Adolph Coors Company Water Augmentation Plan.	10-K	10.12	December 31, 1989	
10.5*	Adolph Coors Company Deferred Compensation Plan, as Amended and Restated effective January 1, 2002, as Corrected and Conformed June 30, 2004.	10-Q	10.16	August 6, 2004	
10.6.1*	Employment Agreement by and among Molson Coors Brewing Company and W. Leo Kiely III, dated June 27, 2005.	8-K	99.1	July 1, 2005	
10.6.2*	First Amendment to Employee Agreement between Molson Coors Brewing Company and W. Leo Kiely III, dated August 1, 2007.	10-Q	10.15	August 7, 2007	
10.6.3*	Second Amendment to Employment Agreement between Molson Coors Brewing Company and W. Leo Kiely III, dated February 8, 2009	10-K	10.60	February 25, 2009	
10.7.1	Credit Agreement, dated March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc. and Coors Brewers Limited; the Lenders party thereto; Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender; and Bank of Montréal, as Canadian Administrative Agent, Issuing Bank and Swingline Lender.	8-K	99.1	March 7, 2005	
10.7.2	First Amendment dated as of August 31, 2006 to the Credit Agreement ("Credit Agreement") dated as of March 2, 2005, among Molson Coors Brewing Company (the "Company"), the subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto (the "Lenders"), Wachovia Bank, N.A., as administrative agent for the Lenders, and Bank of Montréal, as Canadian administrative agent for the Lenders.	10-Q	10.2	November 2, 2006	
10.7.3	Reaffirmation Agreement dated as of August 31, 2006 among the Borrowers and Guarantors identified on the signatures pages thereof, and Wachovia Bank, N.A., as administrative agent for the Lenders under the Credit Agreement identified in Exhibit 10.2 to Form 10-Q filed November 2, 2006.	10-Q	10.3	November 2, 2006	
10.7.4	Second Amendment dated as of August 31, 2006 to the Credit Agreement ("Credit Agreement") dated as of March 2, 2005, among Molson Coors Brewing Company (the "Company"), the subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto (the "Lenders"), Wachovia Bank, N.A., as administrative agent for the Lenders, and Bank of Montréal, as Canadian administrative agent for the Lenders.				X

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.7.5	Confirmation, dated as of March 8, 2007, to the Credit Agreement, dated March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc. and Coors Brewers Limited; the Lenders party thereto; Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender; and Bank of Montréal, as Canadian Administrative Agent, Issuing Bank and Swingline Lender.	10-Q	10.1	August 7, 2007	
10.7.6	Third Amendment dated as of July 9, 2010 to the Credit Agreement ("Credit Agreement") dated as of March 2, 2005, among Molson Coors Brewing Company (the "Company"), the subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto (the "Lenders"), Wachovia Bank, N.A., as administrative agent for the Lenders, and Bank of Montréal, as Canadian administrative agent for the Lenders.				X
10.7.7	Letter of Agreement dated July 15, 2010 among Molson Coors Brewing Company, Bank of Montreal and Wells Fargo Bank, supplementing Credit Agreement dated March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc. and Coors Brewers Limited; the Lenders party thereto; Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender; and Bank of Montréal, as Canadian Administrative Agent, Issuing Bank and Swingline Lender.	10-Q	10.1	November 4, 2010	
10.8.1	Subsidiary Guarantee Agreement, dated as of March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc. and Coors Brewers Limited, each subsidiary of the Company listed on Schedule I thereto and Wachovia Bank, National Association, as Administrative Agent, on behalf of the Lenders under the Credit Agreement referred to above.	8-K	99.2	March 7, 2005	
10.8.2	Supplement Nos. 1, 2, 3, 4, 5 and 6, dated as of April 9, 2007, to the Subsidiary Guarantee Agreement, dated March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc. and Coors Brewers Limited; the Lenders party thereto; Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender; and Bank of Montréal, as Canadian Administrative Agent, Issuing Bank and Swingline Lender.	10-Q	10.2	August 7, 2007	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.8.3	Supplement No. 7, dated as of September 30, 2010, to the Subsidiary Guarantee Agreement dated March 2, 2005, among Molson Coors Brewing Company, Coors Brewing Company, Molson Canada 2005, Molson Inc., Molson Coors Canada Inc., Coors Brewers Limited and Molson Coors International General, ULC; the Lenders party thereto; Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender; and Bank of Montréal, as Canadian Administrative Agent, Issuing Bank and Swingline Lender.	10-Q	10.2	November 4, 2010	
10.9 *	Form of Executive Continuity and Protection Program Letter Agreement.	10-Q	10.7	May 11, 2005	
10.10.1	Employment Agreements by and among Coors Brewing Ltd. and Peter Swinburn, dated March 20, 2002 and April 12, 2005.	10-Q	10.1	August 4, 2006	
10.11 *	Employment Agreement by and among Molson Inc. and Kevin Boyce dated February 6, 2004.	10-Q	10.2	August 4, 2006	
10.12 *	Form of Performance Share Grant Agreement granted pursuant to the Molson Coors Incentive Compensation Plan.	10-Q	10.4	August 4, 2006	
10.13 *	Form of Restricted Stock Unit Agreement granted pursuant to the Molson Coors Incentive Compensation Plan.	10-Q	10.5	August 4, 2006	
10.14 *	Molson Coors Brewing Company Change in Control Protection Program.	8-K	10.29	May 23, 2007	
10.15.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a warrant transaction entered into between Citibank, N.A. and Molson Coors Brewing Company.	10-Q	10.3	August 7, 2007	
10.15.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to a warrant transaction entered into between Citibank, N.A., as its agent, and Molson Coors Brewing Company.	10-Q	10.9	August 7, 2007	
10.16.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a share option transaction entered into between Citibank, N.A. and Molson Coors Brewing Company.	10-Q	10.4	August 7, 2007	
10.16.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to a share option transaction entered into between Citibank, N.A., as its agent, and Molson Coors Brewing Company.	10-Q	10.10	August 7, 2007	
10.17.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a warrant transaction entered into between Deutsche Bank AG acting through its London branch and Molson Coors Brewing Company.	10-Q	10.5	August 7, 2007	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.17.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to warrant transaction entered into between Deutsche Bank AG acting through its London branch and Molson Coors Brewing Company.	10-Q	10.11	August 7, 2007	
10.18.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a share option transaction entered into between Deutsche Bank AG acting through its London branch and Molson Coors Brewing Company.	10-Q	10.6	August 7, 2007	
10.18.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to a share option transaction entered into between Deutsche Bank AG acting through its London branch and Molson Coors Brewing Company.	10-Q	10.12	August 7, 2007	
10.19.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a warrant transaction entered into between Morgan Stanley & Co. International plc, represented by Morgan Stanley Bank, as its agent, and Molson Coors Brewing Company.	10-Q	10.7	August 7, 2007	
10.19.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to a warrant transaction entered into between Morgan Stanley & Co. International plc, represented by Morgan Stanley Bank, as its agent, and Molson Coors Brewing Company.	10-Q	10.13	August 7, 2007	
10.20.1	Equity Derivatives Confirmation, dated as of June 11, 2007, with respect to a share option transaction entered into between Morgan Stanley & Co. International plc, represented by Morgan Stanley Bank, as its agent, and Molson Coors Brewing Company.	10-Q	10.8	August 7, 2007	
10.20.2	Amendment to Equity Derivatives Confirmation, dated as of June 13, 2007, with respect to a share option transaction entered into between Morgan Stanley & Co. International plc, represented by Morgan Stanley Bank, as its agent, and Molson Coors Brewing Company.	10-Q	10.14	August 7, 2007	
10.21.1	Joint Venture Agreement, dated December 20, 2007, by and among Molson Coors Brewing Company, Coors Brewing Company, SABMiller plc, Miller Brewing Company, and MillerCoors LLC	8-K	10.1	December 21, 2007	
10.21.2	Amendment No. 1 to Joint Venture Agreement dated as of April 4, 2008, to the Joint Venture Agreement dated December 20, 2007, by and among Molson Coors Brewing Company, Coors Brewing Company, SABMiller plc, Miller Brewing Company, and MillerCoors LLC.	10-Q	10.1	August 6, 2008	
10.21.3	Amendment No. 2 to Joint Venture Agreement dated as of April 4, 2008, to the Joint Venture Agreement dated December 20, 2007, by and among Molson Coors Brewing Company, Coors Brewing Company, SABMiller plc, Miller Brewing Company, and MillerCoors LLC.	10-Q	10.2	August 6, 2008	

Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.21.4	Amendment No. 3 to Joint Venture Agreement dated as of July 1, 2008, to the Joint Venture Agreement dated December 20, 2007, by and among Molson Coors Brewing Company, Coors Brewing Company, SABMiller plc, Miller Brewing Company, and MillerCoors LLC	10-Q	10.3	August 6, 2008	
10.22.1*	Employment agreement between Molson Coors Brewing Company and Peter Swinburn dated April 22, 2008.	10-Q	10.1	May 7, 2008	
10.22.2*	Employment Agreement by and among Molson Coors Brewing Company and Peter Swinburn effective July 1, 2008.	10-Q	10.1	November 7, 2008	
10.23*	Retention agreement between Molson Coors Brewing Company and Kevin Boyce dated April 23, 2008.	10-Q	10.2	May 7, 2008	
10.24*	Employment Agreement by and among Molson Coors Brewing Company and Stewart Glendinning effective July 1, 2008.	10-Q	10.2	November 7, 2008	
10.25	Amended and Restated Operating Agreement of MillerCoors LLC, dated as of July 1, 2008	8-K	10.1	July 2, 2008	
10.26*	Form of Employee RSU Award Statement pursuant to the Molson Coors Brewing Company Incentive Compensation Plan.	10-Q	10.3	November 7, 2008	
10.27*	Separation Agreement between Molson Coors Brewing Company and Timothy V. Wolf, dated as of June 30, 2008	8-K	10.2	July 2, 2008	
10.28*	Form of Performance Share Plan Award Statement pursuant to the Molson Coors Brewing Company Incentive Compensation Plan	10-Q	10.4	November 7, 2008	
10.29*	Amended and Restated Directors' Stock Plan effective January 1, 2008.	10-Q	10.5	November 7, 2008	
10.30*	Form of Director RSU Award Statement pursuant to the Molson Coors Brewing Company Incentive Compensation Plan.	10-Q	10.6	November 7, 2008	
10.31*	Molson Coors Brewing Company Amended and Restated Change in Control Protection Program effective January 1, 2008	10-Q	10.7	November 7, 2008	
10.32*	Amended and Restated Employment Agreement between Molson Coors Brewing Company and Peter H. Coors, dated December 31, 2008.	10-Q	10.1	May 6, 2009	
10.33*	Employment Agreement between Molson Coors Brewing Company and Peter H. Coors dated January 1, 2009.	10-Q	10.2	May 6, 2009	
10.34*	Letter Agreement between Coors Brewing Company, Molson Coors Brewing Company and Peter H. Coors amending (1) the Amended Salary Continuation Agreement between Coors Brewing Company and Peter H. Coors dated July 1, 1991 (as subsequently amended), and (2) the Molson Coors Brewing Excess Benefit Plan, as restated effective June 30, 2008 (as subsequently amended), effective January 1, 2009.	10-Q	10.1	May 6, 2009	

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Exhibit Number	Document Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.35*	2009 Long-Term Incentive Performance Unit Plan (under the Molson Coors Brewing Company Incentive Compensation Plan)	10-K	10.64	February 19, 2010	
10.36	Molson Inc. 1988 Canadian Stock Option Plan, as revised	S-8	4.3	February 8, 2005	
10.37*	Molson Coors Brewing Company Incentive Compensation Plan- Amended and Restated effective June 2, 2010.	Schedule 14A	Appendix B	April 20, 2010	
10.38.1	Indenture, dated as of October 6, 2010, by and among the Issuer, the Guarantors and Computershare Trust Company of Canada, as trustee.				X
10.38.2	First Supplemental Indenture, dated as of October 6, 2010, by and among the Issuer, the Guarantors and Computershare Trust Company of Canada, as trustee.				X
18	Preferability letter from PricewaterhouseCoopers LLP				X
21	Subsidiaries of the Registrant.				X
23	Consent of Independent Registered Public Accounting Firm.				X
23.1	Consent of Independent Registered Public Accounting Firm.				X
31.1	Section 302 Certification of Chief Executive Officer				X
31.2	Section 302 Certification of Chief Financial Officer				X
32	Written Statement of Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes—Oxley Act of 2002 (18 U.S.C. Section 1350).				X
99	Audited Consolidated Financial Statements of MillerCoors LLC and Subsidiaries				X
101.INS**	XBRL Instance Document				X
101.SCH**	XBRL Taxonomy Extension Schema Document				X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document				X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document				X

* Represents a management contract or compensatory plan or arrangement.

** Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statement of Operations for the years ended December 25, 2010, December 26, 2009 and December 28, 2008, (ii) the Condensed Consolidated Balance Sheet at December 25, 2010 and December 26, 2009, and (iii) the Condensed Consolidated Statement of Cash Flows for the years ended December 25,

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2010, December 26, 2009 and December 28, 2008. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

(b) Exhibits

The exhibits at 15(a) (3) above are filed pursuant to the requirements of Item 601 of Regulation S-K.

(c) Other Financial Statement Schedules

SCHEDULE II

**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(IN MILLIONS)**

	Balance at beginning of year	Additions charged to costs and expenses	Deductions(1)	Assumed by MillerCoors(2)	Foreign exchange impact	Balance at end of year
Allowance for doubtful accounts— trade accounts receivable						
Year ended:						
December 25, 2010	\$ 10.1	\$ 3.8	\$ (6.2)	\$ —	\$ (0.3)	\$ 7.4
December 26, 2009	\$ 7.9	\$ 5.0	\$ (3.6)	\$ —	\$ 0.8	\$ 10.1
December 28, 2008	\$ 8.8	\$ 5.1	\$ (3.3)	\$ (0.1)	\$ (2.6)	\$ 7.9
Allowance for doubtful accounts— current trade loans						
Year ended:						
December 25, 2010	\$ 2.8	\$ 1.4	\$ (1.7)	\$ —	\$ —	\$ 2.5
December 26, 2009	\$ 3.3	\$ 1.4	\$ (2.1)	\$ —	\$ 0.2	\$ 2.8
December 28, 2008	\$ 3.2	\$ 2.5	\$ (1.3)	\$ —	\$ (1.1)	\$ 3.3
Allowance for doubtful accounts— long-term trade loans						
Year ended:						
December 25, 2010	\$ 7.3	\$ 4.0	\$ (4.5)	\$ —	\$ (0.2)	\$ 6.6
December 26, 2009	\$ 8.1	\$ 4.1	\$ (5.6)	\$ —	\$ 0.7	\$ 7.3
December 28, 2008	\$ 7.9	\$ 6.2	\$ (3.2)	\$ —	\$ (2.8)	\$ 8.1
Allowance for obsolete supplies						
Year ended:						
December 25, 2010	\$ 4.1	\$ 0.4	\$ (0.3)	\$ —	\$ (0.1)	\$ 4.1
December 26, 2009	\$ 4.6	\$ —	\$ (0.9)	\$ —	\$ 0.4	\$ 4.1
December 28, 2008	\$ 13.1	\$ 1.7	\$ (1.0)	\$ (7.5)	\$ (1.7)	\$ 4.6
Deferred tax valuation						

account**Year ended:**

December 25, 2010	\$ 19.6	\$ 18.6	\$ (0.3)	\$ —	\$ 1.1	\$ 39.0
December 26, 2009	\$ 12.9	\$ 15.1	\$ (10.6)	\$ —	\$ 2.2	\$ 19.6
December 28, 2008	\$ 21.6	\$ —	\$ (5.0)	\$ —	\$ (3.7)	\$ 12.9

(1) Amounts related to write-offs of uncollectible accounts, claims or obsolete inventories and supplies. Amounts related to the deferred tax asset valuation allowance are primarily due to the deconsolidation of Brewers' Retail Inc, capital loss carryforwards generated by coffee credit settlements in discontinued operations, and re-evaluations of deferred tax assets.

(2) Reflects the formation of MillerCoors LLC on July 1, 2008. As a result, the allowances related to the Molson Coors Brewing Company pre-existing U.S. operations were transferred to MillerCoors LLC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOLSON COORS BREWING COMPANY

By	<u>/s/ PETER SWINBURN</u>	President and Chief Executive Officer (Principal Executive Officer)
	Peter Swinburn	
By	<u>/s/ STEWART GLENDINNING</u>	Chief Financial Officer (Principal Financial Officer)
	Stewart Glendinning	
By	<u>/s/ WILLIAM G. WATERS</u>	Vice President and Controller (Chief Accounting Officer)
	William G. Waters	

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following directors on behalf of the Registrant and in the capacities and on the date indicated.

By	<u>/s/ PETER H. COORS</u>	Chairman
	Peter H. Coors	
By	<u>/s/ ANDREW T. MOLSON</u>	Vice Chairman
	Andrew T. Molson	
By	<u>/s/ FRANCESCO BELLINI</u>	Director
	Francesco Bellini	
By	<u>/s/ ROSALIND G. BREWER</u>	Director
	Rosalind G. Brewer	
By	<u>/s/ JOHN E. CLEGHORN</u>	Director
	John E. Cleghorn	
By	<u>/s/ CHARLES M. HERINGTON</u>	Director
	Charles M. Herington	
By	<u>/s/ FRANKLIN W. HOBBS</u>	Director
	Franklin W. Hobbs	
By	<u>/s/ GEOFF MOLSON</u>	Director
	Geoff Molson	
By	<u>/s/ IAIN NAPIER</u>	Director
	Iain Napier	

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By	/s/ DAVID P. O'BRIEN	Director
	David P. O'Brien	
By	/s/ CHRISTIEN COORS FICELI	Director
	Christien Coors Ficeli	
By	/s/ H. SANFORD RILEY	Director
	H. Sanford Riley	
By	/s/ BRIAN GOLDNER	Director
	Brian Goldner	

February 21, 2011

SECOND AMENDMENT dated as of September 25, 2008 (this "Amendment"), to the Credit Agreement dated as of March 2, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MOLSON COORS BREWING COMPANY (the "Company"), COORS BREWING COMPANY, MOLSON CANADA 2005, MOLSON INC., MOLSON COORS CANADA INC. and COORS BREWERS LIMITED; the LENDERS from time to time party thereto; WACHOVIA BANK, NATIONAL ASSOCIATION, as Administrative Agent; and BANK OF MONTREAL, as Canadian Administrative Agent.

WHEREAS the Company, the Administrative Agent and the Required Lenders have agreed, on the terms and subject to the conditions set forth herein, to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. *Defined Terms.* Capitalized terms used and not defined herein have the meanings given them in the Credit Agreement (as amended hereby).

SECTION 2. *Amendment to the Credit Agreement.* Effective as of the Second Amendment Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

(a) The definition of "Affiliate" in Section 1.01 of the Credit Agreement is amended to add at the end thereof the following new sentence:

"Notwithstanding the foregoing, solely for purposes of the definition of "Consolidated EBITDA", any Person shall also be deemed to be an Affiliate of the Company if the Company has the power, directly, or indirectly through one or more intermediaries, to vote 20% or more of the equity interests of such Person having ordinary voting power."

(b) The definition of "Consolidated EBITDA" in Section 1.01 of the Credit Agreement is amended to read in its entirety as follows:

"Consolidated EBITDA" means, for any period, consolidated net income of the Company and the Subsidiaries for such period plus (a) without duplication and to the extent deducted in determining such consolidated net income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense, franchise taxes and state single business unitary and similar taxes imposed in lieu of income taxes or capital taxes for such period, (iii) all amounts attributable to depreciation and amortization (or other impairment of intangible assets) for such period, (iv) any non-cash charges and non-cash losses (including any write-off of deferred financing costs and the effects of purchase accounting) for such period (provided, that any cash payment made with respect to any such non-cash charge or non-cash loss shall be subtracted in computing Consolidated EBITDA during the period in which such cash payment is made), (v) any extraordinary, unusual or non-recurring charges or losses for such period, (vi) all costs, fees and expenses during such period related to any restructuring (including, without limitation, related severance costs, retention bonuses, relocation expenses, expenses related to the closure of facilities and similar costs and expenses), issuance of equity, recapitalization, asset disposition, acquisition or Indebtedness, (vii) all expenses and charges which have been reimbursed by a third party, to the extent such reimbursement has not been included in consolidated net income, (viii) losses realized upon the disposition of property (other than inventory), (ix) expenses, charges and losses associated with the sale or discontinuance of any business operation to the extent such expenses, charges or losses are recorded at or about the time of such sale or discontinuance, (x) to the extent not included in consolidated net income, payments received from business interruption insurance or product recalls and (xi) losses of unconsolidated Affiliates recognized under equity method accounting, minus (b) without duplication and to the extent included in determining consolidated net income of the Company and the Subsidiaries, the sum of (i) income of unconsolidated Affiliates recognized under equity method accounting, (ii) any extraordinary, unusual or

nonrecurring gains for such period and (iii) gains realized upon the disposition of property (other than inventory), all determined on a consolidated basis in accordance with GAAP, plus (c) to the extent not otherwise included in determining consolidated net income of the Company and the Subsidiaries, cash distributions received by the Company and the Subsidiaries from unconsolidated Affiliates. In the event that there shall have occurred any acquisition or disposition of a business or a business unit during any period for which Consolidated EBITDA is to be determined, such determination shall be made on a pro forma basis (in accordance with Regulation S-X under the Securities Act of 1933) as if such acquisition or disposition and any related incurrence or repayment of Indebtedness had occurred on the first day of such period."

SECTION 3. *Representations and Warranties.* The Company represents and warrants to the Administrative Agent and the Lenders that as of the Second Amendment Effective Date and after giving effect hereto:

- (a) This Amendment has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms.
- (b) As of the Second Amendment Effective Date, after giving effect to this Amendment, no Default has occurred and is continuing.
- (c) After giving effect to this Amendment, all representations and warranties of the Company contained in the Credit Agreement (as amended hereby) are true and correct in all material respects on and as of the date hereof (except with respect to representations and warranties expressly made only as of an earlier date, which representations were true and correct in all material respects as of such earlier date).

SECTION 4. *Effectiveness.* This Amendment shall become effective as of the first date (the "Second Amendment Effective Date") on which the Administrative Agent (or its counsel) shall have received copies hereof that, when taken together, bear the signatures of the Company and the Required Lenders.

SECTION 5. *Effect of Amendment.* Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or the Lenders under the Credit Agreement, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement in similar or different circumstances. This Amendment shall apply and be effective only with respect to the provisions of the Credit Agreement specifically referred to herein. As used herein, the terms "Agreement", "herein", "hereunder", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Credit Agreement as amended hereby.

SECTION 6. *Expenses.* The Company agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

SECTION 7. *Governing Law; Counterparts.* (a) This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

- (b) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. This Amendment may be delivered by facsimile or other electronic imaging means of the relevant executed signature pages hereof.

SECTION 8. *Headings.* The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

MOLSON COORS BREWING COMPANY,

By: /s/ E. JAY WELLS

E. Jay Wells
Treasurer

WACHOVIA BANK, NATIONAL ASSOCIATION,
INDIVIDUALLY AND AS ADMINISTRATIVE
AGENT,

By: /s/ THOMAS M. HARPER

Thomas M. Harper
Senior Vice President

To approve the Second Amendment:

Name of Lender:

ABN AMRO NV

By: /s/ JEAN TREMBSLEY

Jean Trembsley
Managing Director

For any Lender requiring a second signature line:

By: /s/ MICHAEL R. COSTELLO

Michael R. Costello
Director

COOPERATIEVE CENTRALE RAIFFEISEN-
BOERENLEENBANK B.V. "RABOBANK
NEDERLAND", NEW YORK BRANCH, AS A
LENDER

By: /s/ BERT CORUM

Bert Corum
Executive Director

By: /s/ REBECCA O'MORROW

Rebecca O'Morrow
Executive Director

BANK OF AMERICA, N.A.

By: /s/ ROBERT J. BECKLEY

Robert J. Beckley
Managing Director

BANK OF MONTREAL

By: /s/ BRUNO JARRY

Bruno Jarry
Director

For any Lender requiring a second signature line:

BANK OF MONTREAL (US BRANCH)

By: /s/ DAVID L. MISTIC

David L. Mistic
Vice President

THE BANK OF TOKYO—MITSUBISHI
UFJ, LTD.

By: /s/ VICTOR PIERZCHALSKI

Victor Pierzchalski
Authorized Signatory

CITIBANK N.A.

By: /s/ RICHARD M. LEVIN

Richard M. Levin
Vice President

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ HEIDI SANDQUIST

Heidi Sandquist
Vice President

By: /s/ MING K. CHU

Ming K. Chu
Vice President

FORTIS CAPITAL CORP

By: /s/ GILL DICKSON

Gill Dickson
Director

By: /s/ ELAINE KAN

Elaine Kan
Assistant Vice President

HSBC BANK USA, N.A.

By: /s/ MOHAN MAHIMTURA

Mohan Mahimtura
Vice President

JPMORGAN CHASE BANK N.A.

By: /s/ LINDA A. CARPER

Linda A. Carper
Executive Director

LLOYDS TSB BANK PLC

By: /s/ DEBORAH CARLSON

Deborah Carlson
Director, Corporate Banking—USA

By: /s/ CARLOS LOPEZ

Carlos Lopez
Associate Director, Corporate Banking—USA

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ JANINE HAAS

Janine Haas
Vice President

THE NORTHERN TRUST COMPANY

By: /s/ BRANDON ROLEK

Brandon Rolek
Vice President

TRANSAMERICA SERVICES LTD.

By: /s/ JAMES N. STEWART

James N. Stewart
*Regional Head of Credit Management,
London*

TORONTO DOMINION (TEXAS) LLC

By: /s/ DEBBI BRITO

Debbi Brito
Vice President, Corporate Administration

THE TORONTO DOMINION BANK

By: /s/ DEBBI BRITO

Debbi Brito
Vice President, Corporate Administration

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[EXHIBIT 10.7.4](#)

THIRD AMENDMENT dated as of July 9, 2010 (this "Amendment"), to the Credit Agreement dated as of March 2, 2005 (as heretofore amended, supplemented or otherwise modified, the "Credit Agreement"), among MOLSON COORS BREWING COMPANY (the "Company"), COORS BREWING COMPANY, MOLSON CANADA 2005, MOLSON INC., MOLSON COORS CANADA INC. and COORS BREWERS LIMITED; the LENDERS from time to time party thereto; WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent; and BANK OF MONTREAL, as Canadian Administrative Agent.

WHEREAS, the Company, the Administrative Agent and the Required Lenders have agreed, on the terms and subject to the conditions set forth herein, to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used and not defined herein have the meanings given them in the Credit Agreement (as amended hereby).

SECTION 2. Amendment to the Credit Agreement. Effective as of the Third Amendment Effective Date (as defined below), Section 2.05(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Expiration Date. Each Letter of Credit shall, except as provided below in this paragraph, expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date. Any Letter of Credit may provide by its terms that it may be extended for additional successive one-year periods under customary "evergreen" provisions on terms reasonably acceptable to the applicable Issuing Bank; provided that, except as provided below in this paragraph, no Letter of Credit may be extended automatically or otherwise beyond the date that is five Business Days prior to the Maturity Date. Notwithstanding the foregoing, any Issuing Bank in respect of any outstanding Letter of Credit may extend the date of expiration of such Letter of Credit to a date after the date that is five Business Days prior to the Maturity Date on such terms and subject to such conditions as may be agreed to between such Issuing Bank, the Company and the applicable Borrower, and any agreement made by the Company or the applicable Borrower to induce an Issuing Bank so to extend the date of expiration of any Letter of Credit (i) shall be set forth in a notice delivered by the Company to the Administrative Agent promptly after the extension of the date of expiration of such Letter of Credit and (ii) shall for all purposes of this Agreement be deemed to be a covenant contained in Article VI hereof. Each Issuing Bank, by extending the date of expiration of any Letter of Credit beyond the Maturity Date, will be deemed to have agreed that no Lender shall have any obligation under Section 2.05(d) in respect of any LC Disbursement resulting from a drawing made under such Letter of Credit after the Maturity Date."

SECTION 3. Representations and Warranties. The Company hereby represents and warrants to the Administrative Agent and the Lenders as follows:

- (a) This Amendment has been duly authorized, executed and delivered by the Company and the Credit Agreement, as amended hereby, constitutes a legal, valid and binding obligation of the Company and each other Borrower, enforceable against the Company and each Borrower in accordance with its terms.
- (b) As of the Third Amendment Effective Date, after giving effect to this Amendment, no Default has occurred and is continuing.
- (c) After giving effect to this Amendment, all representations and warranties of the Company contained in the Credit Agreement (as amended hereby) are true and correct in all material

respects on and as of the date hereof (except with respect to representations and warranties expressly made only as of an earlier date, which representations were true and correct in all material respects as of such earlier date.)

SECTION 4. Effectiveness. This Amendment shall become effective as of the first date (the "Third Amendment Effective Date") on which the Administrative Agent (or its counsel) shall have received copies hereof that, when taken together, bear the signatures of the Company and the Required Lenders.

SECTION 5. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or the Lenders under the Credit Agreement, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations covenants or agreements contained in the Credit Agreement in similar or different circumstances. This Amendment shall apply and be effective only with respect to the provisions of the Credit Agreement specifically referred to herein. As used therein, the terms "Agreement," "herein," "hereunder," "hereto," "hereof" and words of similar import shall, unless the context requires, refer to the Credit Agreement as amended hereby.

SECTION 6. Expenses. The Company agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

SECTION 7. Governing Law: CounterParts. (a) This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

(b) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. This Amendment may be delivered by facsimile or other electronic imaging means of the relevant executed signature pages hereof.

SECTION 8. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their authorized officers as of the date first above written.

MOLSON COORS BREWING COMPANY,

By: /s/ JULIO RAMIREZ

Julio Ramirez
VP & Treasurer

WELLS FARGO BANK, NATIONAL
ASSOCIATION, INDIVIDUALLY AND AS
ADMINISTRATIVE AGENT,

By: /s/ STEVE ANDERSON

Steve Anderson
Executive Vice President

To approve the Third Amendment:

Name of Lender:

BANK OF AMERICA, N.A.

By: /s/ JOHN H. SCHMIDT

John H. Schmidt
Vice President

BANK OF MONTREAL

By: /s/ ROBERT H. WOLOHAN

Robert H. Wolohan
Vice President

CITIBANK, N.A.

By: /s/ MUNIRA MUSADEK

Munira Musadek
Vice President

COOPERATIVE CENTRALE RAIFFEISEN-
BOERENLEENBANK, B.A. "RABOBANK
NEDERLAND", NEW YORK BRANCH,

By: /s/ PAMELA BEAL

Pamela Beal
Executive Director

By: /s/ REBECCA O. MORROW

Rebecca O. Morrow
Executive Director

DEUTSCHE BANK AG CANADA BRANCH

By: /s/ ROD O'HARA

Rod O'Hara
Director

By: /s/ MARCELLUS LEUNG

Marcellus Leung
Assistant Vice President

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ FREDERICK W. LAIRD

Frederick W. Laird
Managing Director

By: /s/ HEIDI SANDQUIST

Heidi Sandquist
Director

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ JASON FUQUA

Jason Fuqua
Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ TONY YUNG

Tony Yung
Vice President

LLOYDS TSB BANK PLC

By: /s/ DEBORAH CARLSON

Deborah Carlson
SVP

By: /s/ ROBERT V. BOTSCHEKA

Robert V. Botschka
Senior Vice President

MORGAN STANLEY BANK, N.A.

By: /s/ RYAN VETSCH

Ryan Vetsch
Authorized Signatory

THE NORTHERN TRUST COMPANY

By: /s/ MORGAN A. LYONS

Morgan A. Lyons
Vice President

THE ROYAL BANK OF SCOTLAND PLC

By: /s/ WILLIAM MCGINTY

William McGinty
Senior Vice President

U.S. BANK N.A.

By: /s/ JEFF BENEDIX

Jeff Benedix
Assistant Vice President

BANK OF MONTREAL

By: /s/ ROBERT H. WOLOHAN

Robert H. Wolohan
Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ TONY YUNG

Tony Yung
Vice President

TORONTO DOMINION (TEXAS) LLC

By: /s/ JACKIE BARRETT

Jackie Barrett
Authorized Signatory

WELLS FARGO BANK, N.A.

By: /s/ STEVE ANDERSON

Steve Anderson
Executive Vice President

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[EXHIBIT 10.7.6](#)

MOLSON COORS INTERNATIONAL LP, as Issuer

and

THE GUARANTORS NAMED HEREIN, as Guarantors

and

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

INDENTURE

Dated as of October 6, 2010

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THIS INDENTURE, dated as of October 6, 2010, is entered into among MOLSON COORS INTERNATIONAL LP, a Delaware limited partnership (the " **Issuer** "), MOLSON COORS BREWING COMPANY, a Delaware corporation (the " **Parent** "), COORS BREWING COMPANY, a Colorado corporation, MOLSON CANADA 2005, an Ontario partnership, CBC HOLDCO, INC., a Colorado corporation, COORS INTERNATIONAL HOLDCO ULC, a Nova Scotia unlimited liability company, MOLSON COORS CALLCO ULC, a Nova Scotia unlimited liability company, MOLSON COORS INTERNATIONAL GENERAL ULC, a Nova Scotia unlimited liability company, MOLSON COORS CAPITAL FINANCE ULC, a Nova Scotia unlimited liability company, and COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company duly existing under the laws of Canada (the " **Trustee** ").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of the securities issued under this Indenture (the " **Securities** "):

ARTICLE I **DEFINITIONS AND INCORPORATION BY REFERENCE**

Section 1.01 *Definitions.*

" **Additional Amounts** " means any additional amounts which are required to be paid by the Issuer, the Parent and/or any Guarantor with respect to any Security as set forth in a supplemental indenture hereto including, without limitation, interest to be paid with respect to any Security.

" **Additional Debt** " means any senior unsecured debt issued by the Parent or the Issuer in future capital market transactions.

" **Affiliate** " of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, " **control** " when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms " **controlling** " and " **controlled** " have meanings correlative to the foregoing.

" **Attributable Debt** " means, as to any particular lease under which any Person is at the time liable and at any date as of which the amount of such liability is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the actual percentage rate inherent in such arrangements as determined in good faith by the Parent. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate of the amount payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be terminated.

" **Bankruptcy Custodian** " means any receiver, interim receiver, receiver and manager, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

" **Bankruptcy Law** " means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), Title 11 of the *United States Code*, or any similar Canadian or United States federal, state, or provincial law for the relief of debtors.

" **Board Resolution** " means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Issuer to have been adopted by the board of directors of the general partner of the Issuer, on behalf of the Issuer, or pursuant to authorization by the board of directors of the general partner of the Issuer, on behalf of the Issuer, and to be in full force and effect on the date of the certificate and delivered to the Trustee.

" Board of Directors " means the Board of Directors of the Parent or any committee thereof duly authorized to act on behalf of such Board.

" Business Day " means each day which is not a Legal Holiday.

" Canadian Dollar " and **" Cdn.\$ "** means a dollar or other equivalent unit in such coin or currency of Canada as at the time shall be legal tender for the payment of public and private debt.

" Canadian Government Obligations " means direct obligations (or certificates representing an ownership interest in such obligations) of Canada (including any agency or instrumentality thereof) for the payment of which the full faith and credit of Canada is pledged and which are not callable at the issuer's option.

" Capital Stock " of any Person means any and all shares, interests, rights to purchase, warrants, options, participations, units or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

" Consolidated Net Tangible Assets " means the consolidated total assets of the Parent, including its consolidated Subsidiaries, after deducting current liabilities (except for those which are Funded Debt or the current maturities of Funded Debt) and goodwill, trade names, trademarks, patents, unamortized debt discount and expense, organization and developmental expenses and other like segregated intangibles. Deferred income taxes, deferred investment tax credit or other similar items, as calculated in accordance with GAAP, will not be considered as a liability or as a deduction from or adjustment to total assets.

" Corporate Trust Office " means Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, North Tower, Toronto, Ontario, M5J 2Y1.

" Custodian " means the Trustee, as custodian with respect to some or all of the Securities in global form, or any successor entity thereto.

" Debt " means, with respect to any Person:

(1) indebtedness for money borrowed of such Person, whether outstanding on the date of this Indenture or thereafter incurred; and

(2) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable.

The amount of indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the amount of any contingent obligation at such date that would be classified as indebtedness in accordance with GAAP; provided, however, that in the case of indebtedness sold at a discount, the amount of such indebtedness at any time will be the accreted value thereof at such time.

" Default " means any event which is, or after notice or passage of time or otherwise would be, an Event of Default.

" Definitive Security " means a certificated Security registered in the name of the holder thereof and issued in accordance with Section 2.03 hereof.

" Depositary " means, with respect to the Securities issuable or issued in whole or in part in global form, the Person specified in accordance with Section 2.13 hereof as the Depositary with respect to the Securities, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

" Existing Notes " means the 6³ / 8% Notes due 2012 guaranteed by the Parent, the 5.00% Senior Notes due 2015 guaranteed by the Parent, and/or the 2.5% Convertible Notes due 2013 issued by the Parent.

" Funded Debt " of any Person means (a) all Debt of such Person having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendable beyond 12 months from such date at the option of such Person, or (b) rental obligations of such Person payable more than 12 months from such date under leases which are capitalized in accordance with GAAP (such rental obligations to be included in Funded Debt at the amount so capitalized).

" GAAP " means generally accepted accounting principles in the United States which are in effect on the Issue Date. At any time after the Issue Date, the Parent may elect to apply International Financial Reporting Standards ("IFRS") accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS on the date of such election; provided that any such election, once made, shall be irrevocable; provided, further, that any calculation or determination in this Indenture or in any supplemental indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Parent's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Parent shall give notice of any such election made in accordance with this definition to the Trustee.

" Global Security " when used with respect to any Series of Securities issued hereunder or any Tranche of any Series of Securities issued hereunder, means a Security (1) which is executed by the Issuer and authenticated and delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction, all in accordance with this Indenture and an indenture supplemental hereto, if any, or with a Board Resolution and pursuant to an Issuer Order, (2) which shall be registered in the name of the Depositary or its nominee and which shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all the outstanding Securities of such Series or, if such Series contains more than one Tranche, of such Tranche or any portion thereof, in either case having the same terms, including, without limitation, the same original issue date, date or dates on which principal is due, and interest rate or method of determining interest and which shall bear the Global Security Legend.

" Global Security Legend " means the legend set forth in Section 2.13(c), which is required to be placed on all Global Securities issued under this Indenture.

" Guarantors " means the Parent and the Subsidiary Guarantors.

" Guaranty " means a Parent Guaranty or a Subsidiary Guaranty.

" Guaranty Agreement " means a supplemental indenture, in a form satisfactory to the Trustee, pursuant to which a Subsidiary Guarantor guarantees the Issuer's obligations with respect to the Securities on the terms provided for in this Indenture.

" Holder " or **" Securityholder "** means the Person in whose name a Security is registered on the Registrar's books.

" Indenture " means this Indenture dated as of October 6, 2010 among the Issuer, the Parent, the Subsidiary Guarantors and the Trustee, as amended or supplemented from time to time.

" Interest Payment Date " when used with respect to any Series of Securities or, if such Series contains more than one Tranche, any Tranche, means the dates specified in such Securities for the payment of any installment of interest on those Series or Tranche, as the case may be, of Securities.

" Issue Date " means, with respect to any Series of Securities or, if such Series contains more than one Tranche, any Tranche, the date on which the initial Securities of such Series or Tranche, as the case may be, are first issued.

" Issuer " means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

" Issuer Order " means a written order signed in the name of the Issuer by an Officer who must be the Issuer's principal executive officer, principal financial officer or principal accounting officer.

" Maturity ," when used with respect to any Security or installment of principal thereof, means the date on which the principal of such Security or such installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption, notice of option to elect repayment or otherwise.

" Mortgage " means any mortgage, pledge, security interest, encumbrance, lien or similar charge.

" Officer " means, with respect to any Person (other than a Trustee), the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of such Person.

" Officers' Certificate " means a certificate signed by one Officer of the Parent and one Officer of the Issuer.

" Opinion of Counsel " means a written opinion from legal counsel who is acceptable to the Trustee receiving such opinion. The counsel may be an employee of or counsel to the Issuer or the Trustee.

" Original Issue Discount Security " means any Security that provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02.

" Parent " means Molson Coors Brewing Company and its successors.

" Parent Guaranty " means any guarantee by the Parent of the Issuer's obligations with respect to any Series of Securities issued under this Indenture.

" Person " means any individual, company, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

" principal " of a Security means the principal of the Security plus the premium, if any, payable on the Security which is due or overdue or is to become due at the relevant time.

" Principal Property " means any brewery, manufacturing, processing or packaging plant or warehouse owned at the date of this Indenture or thereafter acquired by the Parent, the Issuer or any Restricted Subsidiary that is located within the United States or Canada, other than any property which, in the opinion of the Board of Directors, is not of material importance to the total business conducted by the Parent, the Issuer and the Restricted Subsidiaries as an entirety.

" Restricted Subsidiary " means a Subsidiary of the Parent or the Issuer: (a) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States or Canada; and (b) which owns a Principal Property.

" SEC " means the United States Securities and Exchange Commission.

" Security " or **" Securities "** means each security issued formally by the Issuer under this Indenture.

" Senior Debt " means, with respect to any Person, Debt of such Person, whether outstanding on the date of this Indenture or thereafter incurred unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such obligations are subordinate.

in right of payment to the Securities or the Parent Guaranty, as the case may be; *provided, however*, that Senior Debt shall not include:

- (1) any Debt of such Person owing to the Parent or any affiliate of the Parent; or
- (2) any Debt of such Person (and any accrued and unpaid interest in respect thereof) which is subordinate or junior in any respect to any other Debt of such Person.

" Series " or **" Series of Securities "** means each series of debentures, notes or other debt instruments of the Issuer created pursuant to Sections 2.01 and 2.02 hereof.

" Significant Subsidiary " means any Subsidiary of the Parent that would be a **" Significant Subsidiary "** within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

" Stated Maturity ", when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the principal amount of such Security is due and payable.

" Subsidiary " means, with respect to any Person, any other Person more than 50% of the outstanding Voting Stock of which at the time of determination is owned, directly or indirectly, by such first Person and/or one or more other Subsidiaries of such first Person.

" Subsidiary Guarantors " means Coors Brewing Company, Molson Canada 2005, CBC Holdco, Inc., Coors International Holdco ULC, Molson Coors Callico ULC, Molson Coors International General ULC, Molson Coors Capital Finance ULC and any of the Parent's future Subsidiaries or any one or combination of such Subsidiaries to the extent designated in accordance with Section 2.02 as a **" Subsidiary Guarantor "** for a particular Series of Securities, until in each case, such entity is released as a guarantor pursuant to the terms of this Indenture.

" Subsidiary Guaranty " means any guarantee by a Subsidiary Guarantor of the Issuer's obligations with respect to any Series of Securities under this Indenture.

" Tranche " means each tranche of debentures, notes or other debt instruments of the Issuer created pursuant to Sections 2.01 and 2.02 hereof.

" Trustee " means the party named as the Trustee in this Indenture until a successor shall have been appointed pursuant to the applicable provisions of this Indenture, and, thereafter, means the party who is then the Trustee hereunder.

" Trust Officer " means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee.

" Voting Stock " of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or Trustee thereof.

<u>TERM</u>	<u>Defined in Section</u>
"Agent"	2.04
"covenant defeasance option"	8.01(b)
"CUSIP"	2.12
"Event of Default"	6.01
"Guaranteed Obligation"	10.01
"Initial Lien"	4.04(a)
"ISIN"	2.12
"legal defeasance option"	8.01(b)
"Legal Holiday"	11.06
"Paying Agent"	2.04
"Registrar"	2.04
"Retiring Trustee"	7.08
"Service Agent"	2.04
"Successor Issuer"	5.01
"Successor Parent"	5.01

Section 1.03 *Rules of Construction.* Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) "including" means including without limitation;
- (5) words in the singular include the plural and words in the plural include the singular;
- (6) provisions apply to successive events and transactions; and
- (7) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time.

ARTICLE II THE SECURITIES

Section 2.01 *Issuable in Series.* The aggregate principal amount of Securities that may be executed, authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more Series. Each Series may contain one or more Tranches. In the case of Securities of a Series to be issued from time to time, one or more supplemental indentures may provide for the method by which specified terms (such as interest rate, maturity date, record date or date from which interest shall accrue) are to be determined. All Securities of any one Series shall be substantially identical except that they may vary as to denomination and the rate or rates of interest, if any, the date or dates from which interest shall accrue, maturity, the denominations in which such Securities are issued, the currency in which such Securities are payable and except as may otherwise be provided in any indenture supplemental hereto. All Securities of any one Tranche shall be substantially identical except that they may vary as to issue price. Securities may differ between Series in respect of any matters.

Section 2.02 *Establishment of Terms of Series and Tranches of Securities.* At or prior to the issuance of any Securities within a Series, the following shall be established in one or more

supplemental indentures as to the Series generally if the Series will contain only one Tranche or as to each Tranche if the Series will contain more than one Tranche as reflecting terms set forth in a Board Resolution or an Officers' Certificate pursuant to authority granted under a Board Resolution:

- (a) the title of the Securities of the Series or Tranche (which shall distinguish the Securities of that particular Series or Tranche from the Securities of any other Series or Tranche);
- (b) any limit upon the aggregate principal amount of the Securities of the Series or Tranche which may be executed, authenticated and delivered under this Indenture (except for Securities executed, authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the Series or Tranche under the provisions of this Indenture);
- (c) the date or dates on which the principal and premium, if any, of the Securities of the Series or Tranche are payable;
- (d) the rate or rates (which may be fixed or variable) at which the Securities of the Series or Tranche shall bear interest, if any, or the method of determining such rate or rates, the date or dates from which such interest, if any, shall accrue, the Interest Payment Dates on which such interest, if any, shall be payable or the method by which such dates will be determined, the record dates, for the determination of Holders thereof to whom such interest is payable (in the case of Securities in registered form), and the basis upon which such interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- (e) the currency or currencies, including composite currencies, in which Securities of the Series or Tranche shall be denominated and in which payment of the principal of (and premium, if any) and interest on the Securities shall be payable, if other than Canadian Dollars;
- (f) the place or places, if any, in addition to or instead of the Corporate Trust Office of the Trustee, where the principal, premium and interest with respect to Securities of such Series or Tranche shall be payable or the method of such payment, if by wire transfer, mail or other means;
- (g) the price or prices at which, the period or periods within which, and the terms and conditions upon which, Securities of the Series or Tranche may be redeemed, in whole or in part at the option of the Issuer or otherwise;
- (h) the date as to which any Security of the Series or Tranche represented in registered form shall be dated if other than the Issue Date;
- (i) if any Securities of the Series or Tranche are to be issued as one or more Global Securities representing individual Securities of the Series or Tranche;
- (j) the obligation, if any, of the Issuer to redeem, purchase or repay the Securities of the Series or Tranche pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which, the period or periods within which, and the terms and conditions upon which, Securities of the Series or Tranche shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- (k) the terms, if any, upon which the Securities of the Series or Tranche may be convertible into or exchanged for any of the Issuer's limited partnership units or other interests in the Issuer, other debt securities, options, warrants or other securities of any kind and the terms and conditions upon which such conversion or exchange shall be effected, including the initial conversion or exchange price or rate, the conversion or exchange period and any other additional provisions;
- (l) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which the Securities of the Series or Tranche shall be issuable;

(m) with respect to any Securities of the Series or Tranche that have been issued in multiple currencies, the manner in which the relative voting rights of the Securities of the Series or Tranche will be determined;

(n) if the amount of principal, premium (if any) or interest with respect to the Securities of the Series or Tranche may be determined with reference to an index or pursuant to a formula or other method, the manner in which such amounts will be determined and the calculation agent, if any, with respect thereto;

(o) if the principal amount payable at the Stated Maturity of Securities of the Series or Tranche will not be determinable as of any one or more dates prior to such Stated Maturity, the amount that will be deemed to be such principal amount as of any such date for any purpose, including the principal amount thereof which will be due and payable upon any Maturity other than the Stated Maturity and which will be deemed to be outstanding as of any such date (or, in any such case, the manner in which such deemed principal amount is to be determined), and if necessary, the manner of determining the equivalent thereof in Canadian Dollars or any other applicable currency;

(p) any changes or additions to Article VIII;

(q) if other than the principal amount thereof, the portion of the principal amount of the Securities of the Series or Tranche that shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02;

(r) the terms, if any, of the transfer, mortgage, pledge or assignment or grant of a security interest as security for the Securities of the Series or Tranche of or on any properties, assets, moneys, proceeds, securities or other collateral, and any corresponding changes to provisions of this Indenture as then in effect;

(s) any addition to or change in the Events of Default which applies to any Securities of the Series or Tranche and any change in the right of the Trustee or the requisite Holders of such Securities of the Series or Tranche to declare the principal amount of, premium, if any, and interest on such Securities of the Series or Tranche due and payable pursuant to Section 6.02;

(t) if the Securities of the Series or Tranche shall be issued in whole or in part in the form of a Global Security, the terms and conditions, if any, upon which such Global Security may be exchanged in whole or in part for individual Definitive Securities of such Series or Tranche, the Depositary for such Global Security and the form of any legend or legends to be borne by any such Global Security in addition to or in lieu of the Global Securities Legend;

(u) the Trustee, authenticating agent, Paying Agent, transfer agent, Service Agent or Registrar;

(v) the applicability of the covenants (and the related definitions) set forth in Article IV or V and any additions or changes thereto;

(w) the names, if any, of the Subsidiary Guarantors and any addition to or change in the terms of the Subsidiary Guarantees relating to the Series or Tranche, including any provisions related to their subordination;

(x) any addition to or change in the terms of the Parent Guaranty, if any, applicable to the Securities of the Series or Tranche, including any provisions related to its subordination;

(y) the subordination, if any, of the Securities of the Series or Tranche pursuant to this Indenture;

(z) with regard to Securities of the Series or Tranche that do not bear interest, the dates for certain required reports to the Trustee;

(aa) the terms applicable to Original Issue Discount Securities, including the rate or rates at which original issue discount will accrue; and

(bb) any other terms of Securities of the Series or Tranche (which terms shall not be prohibited by, or inconsistent with, the provisions of this Indenture).

All Securities of any one Series or Tranche need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided by or pursuant to the supplemental indenture referred to above, and the authorized principal amount of any Series or Tranche may not be increased to provide for issuances of additional Securities of such Series or Tranche, unless otherwise provided in such supplemental indenture.

Whenever in this Indenture there is mentioned, in any context, the payment of principal, premium, if any, interest, or any other amount payable under or with respect to a note or a guaranty, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Except as otherwise contemplated by this Section 2.02, interest on the Securities of any Series or Tranche shall be computed on the basis of a 360-day year of twelve 30-day months. For the purposes of disclosure under the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under a Security, which is to be calculated on any basis other than a full calendar year, its equivalent may be determined by multiplying the rate by a fraction, the numerator of which is the number of days in the calendar year in which the period for which interest at such rate is payable and the denominator of which is the number of days comprising such other basis.

The first payment of interest on any Security of any Series or Tranche originally issued between a specified record date and an Interest Payment Date shall be made on the Interest Payment Date immediately following the next succeeding record date to the Holders on such next succeeding record date.

Section 2.03 *Execution and Authentication.* One Officer of the Issuer shall sign the Securities for the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Security is authenticated, the Security shall nevertheless be valid. A Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall at any time, and from time to time, authenticate Securities for original issue in the principal amount provided in the supplemental indenture hereto upon receipt by the Trustee of an Issuer Order. Such Issuer Order may authorize authentication and delivery pursuant to oral or electronic instructions from the Issuer or its duly authorized agent or agents, which oral instructions shall be promptly confirmed in writing. Each Security shall be dated the date of its authentication unless otherwise provided by a supplemental indenture hereto.

The aggregate principal amount of Securities of any Series or Tranche outstanding at any time may not exceed any limit upon the maximum principal amount for such Series or Tranche set forth in the supplemental indenture hereto delivered pursuant to Section 2.02, except as provided in Section 2.08.

Prior to the issuance of Securities of any Series or Tranche, the Trustee shall have received and (subject to Section 7.02) shall be fully protected in relying on: (a) one or more supplemental indentures hereto establishing the form of the Securities of that Series or Tranche and the terms of the Securities of that Series or Tranche, (b) an Officers' Certificate complying with Section 11.02, and (c) an Opinion of Counsel complying with Section 11.02.

The Trustee may decline to authenticate and deliver any Securities of such Series or Tranche if the Trustee, being advised by counsel, determines that such action may not lawfully be taken.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or Service Agent.

Section 2.04 Paying Agent, Registrar and Service Agent. The Issuer shall maintain, with respect to each Series and Tranche of Securities, an office or agency in the City of Toronto, Ontario (or any other place or places specified with respect to such Series or Tranche pursuant to Section 2.02) where Securities of such Series or Tranche may be presented or surrendered for payment (" **Paying Agent** "), where Securities of such Series or Tranche may be presented for registration of transfer or exchange (" **Registrar** ") and where notices and demands to or upon the Issuer in respect of the Securities of such Series or Tranche and this Indenture (not including, however, service of process) may be served (" **Service Agent** " and collectively with the Paying Agent and the Registrar, the " **Agents** " and each, an " **Agent** "). The Trustee, as Registrar, shall keep a register with respect to each Series and Tranche of Securities and to their transfer and exchange. The Issuer will give prompt written notice to the Trustee of the name and address, and any change in the name or address, of each Registrar, Paying Agent or Service Agent. If at any time the Issuer shall fail to maintain any such required Registrar, Paying Agent or Service Agent or shall fail to furnish the Trustee with the name and address thereof, such presentations, surrenders, notices and demands (other than service of process) may be made or served at the Corporate Trust Office of the Trustee, and the Issuer hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more co-registrars, additional paying agents or additional service agents and may from time to time rescind such designations; *provided, however* , that no such designation or rescission shall in any manner relieve the Issuer of its obligations to maintain a Registrar, Paying Agent and Service Agent in each place so specified pursuant to Section 2.02 for Securities of any Series or Tranche for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the name or address of any such co-registrar, additional paying agent or additional service agent. The term " **Registrar** " includes any co-registrar; the term " **Paying Agent** " includes any additional paying agent; and the term " **Service Agent** " includes any additional service agent.

The Issuer hereby appoints the Trustee as the initial Registrar, Paying Agent and Service Agent for each Series and Tranche unless another Registrar, Paying Agent or Service Agent, as the case may be, is appointed prior to the time Securities of that Series or Tranche are first issued.

Section 2.05 Paying Agent to Hold Money in Trust. The Issuer shall require each Paying Agent, other than a Trustee, to agree in writing that the Paying Agent will hold in trust, for the benefit of Holders of any Series of Securities, or the Trustee, all money held by the Paying Agent for the payment of principal of or interest on the Series of Securities, and will notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary) shall have no further liability for the money. If the Issuer, the Parent or a Subsidiary of the Parent acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of Holders of any Series of Securities all money held by it as Paying Agent.

Section 2.06 Securityholder Lists. The Trustee, as Registrar, shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of each Series and Tranche of Securities. The Trustee shall from time to time when requested to do so by the Issuer furnish the Issuer with a list of the names and addresses of Holders of each Series and Tranche of Securities entered on the register kept by the Trustee and showing the principal amount of each Series and Tranche of Securities held by each such Holder. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee, in writing, at least five Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing a list, in such form and as of such date as the Trustee may reasonably require, of the names and addresses of Holders of each Series or Tranche of Securities.

Section 2.07 Transfer and Exchange. When Securities are presented to the Registrar or a co-registrar with a request to register a transfer or to exchange them for an equal principal amount of Securities of the same Series (and, in the case of a Series with more than one Tranche, the same Tranche) containing identical terms and provisions, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met. To permit registrations of transfers and exchanges, the Issuer shall issue and execute, and the Trustee shall authenticate and deliver, Securities at the Registrar's request. No service charge shall be made for any registration of transfer or exchange (except as otherwise expressly permitted herein), but the Issuer or Registrar may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer tax or similar governmental charge payable upon exchanges pursuant to Section 3.06 or 9.04).

Neither the Issuer nor the Registrar shall be required: (a) to issue, register the transfer of, or exchange Securities of any Series (or, in the case of a Series with more than one Tranche, any Tranche) for the period beginning at the opening of business 15 days immediately preceding the mailing of a notice of redemption of Securities of that Series or Tranche, as the case may be, selected for redemption and ending at the close of business on the day of such mailing; or (b) to register the transfer or exchange of Securities of any Series (or, in the case of a Series with more than one Tranche, any Tranche) selected, called or being called for redemption as a whole or the portion being redeemed of any such Securities selected, called or being called for redemption in part, except, in the case of a Security to be redeemed in part, the portion thereof not to be redeemed.

Section 2.08 Replacement Securities. If any mutilated Security is surrendered to the Trustee, the Issuer shall issue and execute and, subject to applicable law and the reasonable requirements of the Issuer or the Trustee, the Trustee shall authenticate and deliver in exchange therefor a new Security of the same Series (and, in the case of a Series with more than one Tranche, the same Tranche) containing identical terms and provisions and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Issuer and the Trustee: (i) evidence to their satisfaction of the destruction, loss or theft of any Security; and (ii) such surety bond or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of written notice to the Issuer or a Trust officer of the Trustee that such Security has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and make available for delivery, in lieu of any such destroyed, lost or stolen Security, a new Security of the same Series (and, in the case of a Series with more than one Tranche, the same Tranche) containing identical terms and provisions and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any Series (or, in the case of a Series with more than one Tranche, any Tranche) issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that Series (or, in the case of a Series with more than one Tranche, any Tranche) duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.09 *Outstanding Securities.* The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest on a Global Security effected by the Trustee in accordance with the provisions hereof and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Security.

If a Security is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent (other than the Issuer, the Parent, a Subsidiary of the Parent or an Affiliate of any thereof) has received on time from the Issuer and holds on the Maturity of Securities of a Series or, in the case of a Series with more than one Tranche, on the Maturity of Securities of a Tranche, money sufficient to pay such Securities payable on that date, then on and after that date such Securities of the Series or Tranche, as the case may be, cease to be outstanding and interest on them ceases to accrue.

In determining whether the Holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 6.02.

Section 2.10 *Temporary Securities.* Until Definitive Securities are ready for delivery, if required pursuant to Section 2.02, the Issuer may prepare and the Trustee shall authenticate temporary Securities upon an Issuer Order. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Issuer considers appropriate for temporary Securities. Without unreasonable delay, the Issuer shall prepare and the Trustee upon request shall authenticate Definitive Securities of the same Series (and, in the case of a Series with more than one Tranche, the same Tranche) and date of maturity in exchange for temporary Securities. Until so exchanged, temporary Securities shall have the same rights under this Indenture as the Definitive Securities.

Section 2.11 *Cancellation.* The Issuer at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for transfer, exchange, payment, replacement or cancellation and shall dispose of such cancelled Securities according to its normal operating procedures (subject to the record retention requirements of applicable laws) and deliver a certificate of such destruction to the Issuer, unless the Issuer otherwise directs the Trustee to deliver cancelled Securities to the Issuer. The Issuer may not

issue new Securities to replace Securities that it has redeemed, paid or delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.* If the Issuer defaults in a payment of interest on a Series of Securities or, in the case of a Series with more than one Tranche, on a Tranche of Securities, it shall pay the defaulted interest, plus, to the extent permitted by law, any interest payable on the defaulted interest, to the persons who are Holders of the Series or Tranche, as the case may be, on a subsequent special record date. The Issuer shall fix such record date and payment date. At least 30 days before the record date, the Issuer shall mail, first class, to the Trustee and to each Holder of the Series or Tranche, as the case may be, a notice that states the record date, the payment date and the amount of interest to be paid. The Issuer may pay defaulted interest in any other lawful manner.

Section 2.13 *Global Securities.*

(a) ***Terms of Securities.*** One or more supplemental indentures entered into pursuant to a Board Resolution or an Officers' Certificate shall establish whether the Securities of a Series or Tranche shall be issued in whole or in part in the form of one or more Global Securities and the Depository for such Global Security or Securities.

(b) ***Transfer and Exchange.*** Unless otherwise provided for any particular Series or Tranche of Securities pursuant to Section 2.02, notwithstanding any provisions to the contrary contained in Section 2.07 of the Indenture and in addition thereto, any Global Security shall be exchangeable pursuant to Section 2.07 of the Indenture for Securities registered in the names of Holders other than the Depository for such Security or its nominee only if: (i) such Depository notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Security or if at any time such Depository ceases to be a clearing agency registered under securities legislation governing the Securities, and, in either case, the Issuer fails to appoint a successor Depository within 90 days of such event; (ii) the Issuer executes and delivers to the Trustee an Officers' Certificate to the effect that such Global Security shall be so exchangeable; or (iii) an Event of Default with respect to the Securities represented by such Global Security shall have happened and be continuing. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Securities registered in such names as the Depository shall direct in writing in an aggregate principal amount equal to the principal amount of the Global Security with like tenor and terms.

Except as provided in this Section 2.13(b), a Global Security may not be transferred except as a whole by the Depository with respect to such Global Security to a nominee of such Depository, by a nominee of such Depository to such Depository or another nominee of such Depository or by the Depository or any such nominee to a successor Depository or a nominee of such a successor Depository with the prior written consent of the Issuer.

All Securities of any Series or Tranche issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Issuer, evidencing the same continuing indebtedness, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

(c) ***Legend.*** Unless otherwise provided for any particular Series or Tranche of Securities pursuant to Section 2.02, any Global Security issued hereunder shall bear a legend in substantially the following form:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO MOLSON COORS INTERNATIONAL LP (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS

MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

(d) *Acts of Holders.*

(i) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section.

(ii) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such officer the execution thereof. Where such execution is by a signer acting in a capacity other than such signer's individual capacity, such certificate or affidavit shall also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which a Trustee deems sufficient.

(iii) The ownership of registered securities shall be proved by the register maintained by the Registrar.

(iv) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Security.

(v) If the Issuer shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Issuer may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Issuer shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

The Depositary, as a Holder, may appoint agents and otherwise authorize persons that have accounts with the Depositary (or persons that have accounts with such persons) to give or take any request, demand, authorization, direction, notice, consent, waiver or other action which a Holder is entitled to give or take under the Indenture.

(e) *Payments.* Notwithstanding the other provisions of this Indenture: (i) unless otherwise specified as contemplated by Section 2.02, payment of the principal of (and premium, if any) and interest on any Global Security shall be made by the Issuer or a Paying Agent to the Depositary or its nominee, as the case may be, as registered holder of the Global Security; and (ii) if an Event of Default specified in Section 6.01(1) or (2) shall have occurred and is continuing on a day on which payment with respect to the Securities of a Series affected by such Event of Default is made, the Issuer or the Paying Agent, as the case may be, shall pay any such amounts to be paid to the Holders of such Securities (other than amounts received pursuant to Article VIII) ratably, without preference or priority of any kind, among all of the Securities of any Series affected by such Event of Default according to the amounts due and payable on such Securities as of such date for principal (or, in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, and interest, respectively. A record date will be established at least 15 days (and not more than 30 days) prior to the payment date. Interest payments on such Global Security shall be made by the Issuer or a Paying Agent either by cheque dated the applicable Interest Payment Date and delivered to the Depositary or its nominee, as the case may be, two Business Days before the Interest Payment Date or by wire transfer of immediately available funds by 11:00 a.m. on the Business Day preceding the Interest Payment Date. As long as the Depositary or its nominee is the registered owner of a Global Security, the Depositary or its nominee, as the case may be, shall be considered the sole owner of the Global Security for the purposes of receiving payment on such Global Security.

(f) *Consents, Declaration and Directions.* Except as provided in Section 2.13(d), the Issuer, the Trustee and the Paying Agent shall treat a person as the Holder of such principal amount of outstanding Securities of such Series or Tranche represented by a Global Security as shall be specified in a written statement of the Depositary with respect to such Global Security, for purposes of obtaining any consents, declarations, waivers or directions required to be given by the Holders pursuant to this Indenture.

Section 2.14 *CUSIP Numbers.* The Issuer in issuing the Securities may use numbers assigned by the Committee on Uniform Securities Identification Procedures ("CUSIP") and corresponding International Securities Identification Numbers ("ISIN") (if then generally in use) and, if so, the Trustee shall use CUSIP numbers in notices of redemption as a convenience to Holders; *provided, however,* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in such notice and that reliance may be placed only on the other identification numbers printed on the Securities, and any such notice shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee of any change in the CUSIP or ISIN numbers.

ARTICLE III REDEMPTION

Section 3.01 *Notices to Trustee.* The Issuer may, with respect to any Series or Tranche of Securities, reserve the right to redeem and pay the Series or Tranche of Securities or may covenant to redeem and pay the Series or Tranche of Securities or any part thereof prior to the Stated Maturity thereof at such time and on such terms as provided for in such Series or Tranche of Securities or in the applicable Board Resolution or this Indenture. If a Series or Tranche of Securities is redeemable and the Issuer elects or is obligated to redeem prior to the Stated Maturity thereof all or part of the Series or Tranche of Securities pursuant to the terms of such Securities, it shall notify the Trustee in writing of

the redemption date, the principal amount of Securities of the Series or Tranche to be redeemed and the redemption price.

The Issuer shall give each notice to the Trustee at least 60 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Issuer to the effect that such redemption will comply with the conditions herein and the terms provided for such Series or Tranche of Securities.

Section 3.02 Selection by Trustee of Securities To Be Redeemed. Unless otherwise provided for a particular Series or Tranche of Securities pursuant to Section 2.02, if fewer than all the Securities of a Series or Tranche are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Securities to be redeemed or purchased pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, or, in the case of Global Securities, the procedures of the related Depositary, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection from outstanding Securities of such Series or Tranche, as the case maybe, not previously called for redemption. Securities and portions of them the Trustee selects for redemption shall be in principal amounts of \$1,000 and integral multiples of \$1,000, in each case, of the currency in which the Securities are denominated unless otherwise provided for in a supplemental indenture with respect to such Securities. Provisions of this Indenture that apply to Securities called for redemption or purchase also apply to portions of Securities called for redemption or purchase. The Trustee shall notify the Issuer promptly of the Securities or portions of Securities to be redeemed or purchased.

Section 3.03 Notice of Redemption. Unless otherwise provided for a particular Series or Tranche of Securities pursuant to Section 2.02, at least 30 days but not more than 60 days before a date for redemption of Securities, the Issuer shall mail or caused to be mailed a notice of redemption by first-class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (5) if fewer than all the outstanding Securities of the applicable Series or Tranche are to be redeemed, the identification and principal amounts of the particular Securities to be redeemed after determination by the Trustee pursuant to Section 3.02;
- (6) in case any Security is to be redeemed in part only, on and after the redemption date, upon surrender of such Security, the Holder of such Security shall receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;
- (7) that, unless the Issuer defaults in making such redemption payment, interest on Securities (or portion thereof) called for redemption ceases to accrue on and after the redemption date;
- (8) the paragraph of the Securities and/or provision of this Indenture or any supplemental indenture pursuant to which the Securities called for redemption are being redeemed; and
- (9) the CUSIP or ISIN number, if any, printed on the Securities being redeemed; and
- (10) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Securities.

Section 3.04 *Effect of Notice of Redemption.* Once notice of redemption is given as provided in Section 3.03, Securities called for redemption become due and payable on the redemption date and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related Interest Payment Date). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

Section 3.05 *Deposit of Redemption Price.* Prior to 11:00a.m. on the Business Day preceding the redemption date, the Issuer shall deposit with the Paying Agent (or, if the Issuer, the Parent or a Subsidiary of the Parent is the Paying Agent, shall segregate and hold in trust) an amount of money sufficient to pay the redemption price of and accrued interest and other amounts payable, if any, on all Securities to be redeemed on that date other than Securities or portions of Securities or portions thereof called for redemption which have been delivered by the Issuer to the Trustee for cancellation.

Section 3.06 *Securities Redeemed in Part.* Upon surrender of a Security that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder (at the Issuer's expense) a new Security equal in principal amount to the unredeemed portion of the Security surrendered but otherwise containing identical terms and provisions.

ARTICLE IV COVENANTS

Section 4.01 *Payment of Securities.* The Issuer covenants and agrees for the benefit of the Holders of each Series and Tranche of Securities that it shall promptly pay the principal of, interest on, and other amounts payable (if any) on the Securities of such Series and such Tranche on the dates and in the manner provided in the Securities of such Series and such Tranche and in this Indenture. Principal, premium (if any) and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent has received on time from the Issuer and holds in accordance with this Indenture money sufficient to pay all principal, premium (if any) and interest then due.

The Issuer shall pay interest on overdue principal at the rate specified therefor in the Securities, and it shall pay interest on overdue installments of interest at the same rate to the extent lawful.

Section 4.02 *Compliance Certificate.* Each of the Parent and the Issuer shall deliver to the Trustee within 120 days after the end of its respective fiscal year (and at least once in each 12 month period) and at any other reasonable time upon the demand of the Trustee an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of Parent or the Issuer, respectively, they would normally have knowledge of any Default and that the Parent or the Issuer, as applicable, has complied with all requirements contained in this Indenture that, if not complied with, would constitute a Default and whether or not the signers know of any Default that occurred during such period. If they do know of any Default, the certificate shall describe the Default, its status and what action the Parent or the Issuer, as applicable, is taking or proposes to take with respect thereto.

Section 4.03 *Further Instruments and Acts.* Upon request of the Trustee, the Parent and the Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 4.04 *Limitations on Secured Debt.*

(a) None of the Issuer, the Parent or any Restricted Subsidiary shall incur or enter into a guarantee of any Debt secured by a Mortgage (the "Initial Lien") on any Principal Property of the Parent, the Issuer or any Subsidiary of the Parent, or on any Capital Stock of any Restricted Subsidiary, whether owned at the Issue Date or thereafter acquired, without the Parent or the Issuer effectively

providing, or causing such Subsidiary or Restricted Subsidiary to provide, that the Securities shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured; provided, however, that the Issuer, the Parent or any Restricted Subsidiary shall be entitled to incur or guarantee Debt secured by Mortgages on any Principal Property of the Issuer, the Parent or any Subsidiary of the Parent, or on any Capital Stock of any Restricted Subsidiary, whether owned at the Issue Date or thereafter acquired, as long as the aggregate amount of outstanding Debt secured by Mortgages incurred pursuant to this proviso, when taken together with all Attributable Debt with respect to sale and leaseback transactions involving Principal Properties of the Issuer, the Parent or any Restricted Subsidiary (with the exception of such transactions which are excluded pursuant to Section 4.05(b)) does not, at the time of such incurrence or guarantee, exceed 15% of Consolidated Net Tangible Assets, as determined based on the most recent available consolidated balance sheet of the Parent. Any Mortgage created for the benefit of the Holders of Securities pursuant to the preceding sentence shall provide by its terms that such Mortgage shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

(b) The above restriction will not apply to Debt secured by:

(1) purchase money Mortgages;

(2) Mortgages existing on any property prior to the acquisition thereof by the Parent, the Issuer or a Restricted Subsidiary or existing on any property of any corporation that becomes a Subsidiary after the date of this Indenture prior to the time such corporation becomes a Subsidiary or securing indebtedness that is used to pay the cost of acquisition of such property or to reimburse the Parent, the Issuer or a Restricted Subsidiary for that cost; provided, however, that such Mortgage shall not apply to any other property of the Parent, the Issuer or a Restricted Subsidiary other than improvements and accessions to the property to which it originally applies;

(3) Mortgages to secure the cost of development or construction of such property, or improvements of such property; provided, however, that such Mortgages shall not apply to any other property of the Parent, the Issuer or any Restricted Subsidiary;

(4) Mortgages in favour of a governmental entity or in favour of the holders of securities issued by any such entity, pursuant to any contract or statute (including Mortgages to secure Debt of the pollution control or industrial revenue bond type) or to secure any indebtedness for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Mortgages;

(5) Mortgages securing indebtedness owing to the Parent, the Issuer or a Subsidiary Guarantor;

(6) Mortgages existing on the Issue Date;

(7) Mortgages required in connection with governmental programs which provide financial or tax benefits, as long as substantially all of the obligations secured are in lieu of or reduce an obligation that would have been secured by a lien permitted under this Indenture;

(8) Extensions, renewals or replacements of the Mortgages referred to in this Section 4.04(b) (other than Mortgages described in clauses (3) and (5) above) so long as the principal amount of the secured Debt is not increased and the extension, renewal or replacement is limited to all or part of the same property secured by the Mortgage so extended, renewed or replaced; or

(9) Mortgages in connection with sale and leaseback transactions permitted by Section 4.05(b).

Section 4.05 *Limitation on Sales and Leasebacks.*

(a) None of the Parent, the Issuer or any Restricted Subsidiary shall enter into any sale and leaseback transaction involving any Principal Property, unless the aggregate amount of all Attributable Debt with respect to such transactions, when taken together with all secured Debt permitted under the proviso in Section 4.04(a) (and not excluded in Section 4.04(b)) would not, at the time such transaction is entered into, exceed 15% of Consolidated Net Tangible Assets, as determined based on the most recent available consolidated balance sheet of the Parent.

(b) The restriction in Section 4.05(a) shall not apply to, and there shall be excluded from Attributable Debt in any computation under Section 4.05(a), any sale and leaseback transaction if:

- (1) the transaction is between or among two or more of the Parent, the Issuer and any of the Subsidiary Guarantors;
- (2) the lease is for a period, including renewal rights, of not in excess of three years;
- (3) the transaction is with a governmental authority that provides financial or tax benefits;
- (4) the net proceeds of the sale are at least equal to the fair market value of the property and, within 180 days of the transfer, the Parent, the Issuer or a Subsidiary Guarantor repays Funded Debt owed by them or make expenditures for the expansion, construction or acquisition of a Principal Property at least equal to the net proceeds of the sale; or
- (5) such sale and leaseback transaction is entered into within 180 days after the acquisition or construction, in whole but not in part, of such Principal Property.

Section 4.06 *Future Guarantors.* Each of the Parent and the Issuer shall cause each of its Subsidiaries that guarantees Senior Debt of the Issuer or the Parent under (i) the Parent's or the Issuer's then existing primary revolving credit facility, (ii) the Existing Notes, and (iii) Additional Debt, after the Issue Date to, at the same time, execute and deliver to the Trustee a Guaranty Agreement pursuant to which such Subsidiary will guarantee payment of the Securities on the same terms and conditions as those set forth in Article X.

ARTICLE V MERGER AND CONSOLIDATION

Section 5.01 *When Parent or Issuer May Merge or Transfer Assets .*

Unless otherwise provided for in a particular Series or Tranche of Securities pursuant to Section 2.02, neither the Parent nor the Issuer shall consolidate or amalgamate with or merge with or into, or sell, convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) (A) the resulting, surviving or transferee Person (the " **Successor Issuer** ", in the case of the Issuer, or the " **Successor Parent** ", in the case of the Parent) shall be a Person organized and existing under the laws of the United States, Canada, or the United Kingdom, or any state, province or division thereof or the District of Columbia and the Successor Issuer (if not the Issuer) or the Successor Parent (if not the Parent) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee in form satisfactory to the Trustee, all the obligations of the Parent or the Issuer, as applicable, under the Securities and this Indenture and immediately after giving pro forma effect to such transaction (and treating any indebtedness or sale and leaseback transaction which becomes an obligation of the Successor Issuer, the Successor Parent or any Subsidiary as a result of such transaction as having been incurred at the time of such transaction), no Default shall have occurred and be continuing or (B) the Issuer consolidates, amalgamates, merges, sells, conveys, transfers or leases, in one transaction or a series of transactions, directly or indirectly, all or substantially all its

assets to another Subsidiary of the Parent as a result of which the Issuer receives an amount of consideration equal to no less than the fair market value of such assets as determined by the Board of Directors;

(2) the Parent or the Issuer, as applicable, shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger, sale or transfer and such supplemental indenture (if any) comply with this Indenture; and

(3) the Issuer, the Parent, the Successor Issuer or the Successor Parent, as applicable, shall have delivered to the Trustee an Opinion of Counsel (who may be counsel to the Issuer) that such transaction will not result in, or be deemed to result in, a taxable event in Canada or any withholding tax with respect to any Securityholders.

For purposes of this Section 5.01, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Parent or the Issuer, which properties and assets, if held by the Parent or the Issuer, as the case may be, instead of such Subsidiaries would constitute all or substantially all of the properties and assets of the Parent or the Issuer, as the case may be, on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Parent or the Issuer, as applicable.

In the case of a transaction subject to Section 5.01(1)(A), the Successor Parent and the Successor Issuer shall be the successor to the Parent or the Issuer, as applicable, and shall succeed to, and be substituted for, and may exercise every right and power of, the Parent or the Issuer, as applicable, under this Indenture, and the predecessor Parent or the Issuer, as applicable, except in the case of a lease, shall be released from the obligation to pay the principal of and interest on the Securities.

ARTICLE VI **DEFAULTS AND REMEDIES**

Section 6.01 *Events of Default.* Unless otherwise provided for a particular Series of Securities pursuant to Section 2.02, each of the following constitutes an " **Event of Default** " with respect to each Series of Securities:

(1) the Issuer defaults in any payment of any installment of interest on any Security when the same becomes due and payable, and such default continues for a period of 30 days;

(2) the Issuer defaults in the payment of any installment of principal or premium, if any, on any Security when the same becomes due and payable at its stated maturity, upon optional redemption, upon declaration of acceleration or otherwise;

(3) the Issuer or any Guarantor fails to comply with any of its covenants in the Securities or this Indenture (other than those referred to in clause (1) or (2) above) and such failure continues for 90 days after the notice specified below;

(4) the payment of any Debt of the Parent, the Issuer, any Subsidiary Guarantor or any Significant Subsidiary in a principal amount exceeding \$50,000,000 is accelerated as a result of the failure of the Parent, the Issuer, such Subsidiary Guarantor or such Significant Subsidiary to perform any covenant or agreement applicable to such Debt, which acceleration is not rescinded or annulled within 60 days after written notice thereof;

(5) the Parent (if a Guarantor) or the Issuer pursuant to or within the meaning of any Bankruptcy Law applicable to it:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Bankruptcy Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors;

or takes any comparable action under any foreign laws relating to insolvency and applicable to it; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law applicable to the Parent (if a Guarantor) or the Issuer that:

(A) is for relief against the Parent (if a Guarantor) or the Issuer in an involuntary case;

(B) appoints a Bankruptcy Custodian of the Parent (if a Guarantor) or the Issuer or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Parent (if a Guarantor) or the Issuer;

or any similar relief is granted under any foreign laws applicable to the Parent (if a Guarantor) or the Issuer and the order or decree remains unstayed and in effect for 60 days.

Unless otherwise provided for a particular Series of Securities pursuant to Section 2.02, a Default under clause (3) is not an Event of Default with respect to a Series of Securities until the Trustee notifies, or the holders of at least 25% in principal amount of the outstanding Securities of such Series notify, the Issuer of the Default and the Issuer does not cure such Default within the time specified after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a " **Notice of Default** ".

The Issuer shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clause (3), its status and what action the Issuer is taking or proposes to take with respect thereto.

Section 6.02 Acceleration. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing with respect to any Series of Securities, the Trustee, in its discretion, by notice to the Issuer, or the Holders of at least 25% in principal amount of the outstanding Securities of such Series by notice to the Issuer, the Trustee may declare the principal amount of (or, in the case of Original Issue Discount Securities of that Series, the portion thereof specified in terms of such Security), premium, if any, and accrued and unpaid interest on all the Securities of such Series to be due and payable. If an Event of Default specified in Section 6.01(3) or (4) occurs and is continuing, the Trustee, in its discretion, by notice to the Issuer, or the Holders of at least 25% in principal amount of the outstanding Securities of all affected Series (all such affected Series voting together as a single class) by notice to the Issuer and the Trustee, may declare the principal amount of (or, in the case of Original Issue Discount Securities of that Series, the portion thereof specified in terms of such Security), premium, if any, and accrued and unpaid interest on the Securities of such affected Series to be due and payable. Upon any declaration of the type described in the previous two sentences of this Section 6.02, such principal amount, premium, if any, and interest shall be due and payable immediately. If an Event of Default specified in Section 6.01(5) or (6) occurs and is continuing, the principal amount of (or, in the case of Original Issue Discount Securities of that Series, the portion thereof specified in the terms of such Security), premium, if any, and interest on all the outstanding Securities issued pursuant to this Indenture shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Securityholders. The Holders of a majority in principal amount of the Securities of any Series by written notice to the Trustee and the Issuer may rescind an acceleration of the Securities of such Series and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except non-payment of the principal amount of (or, in the case of Original

Issue Discount Securities of that Series, the portion thereof specified in the terms of such Security), premium, if any, or interest on the Securities of such Series that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

Section 6.03 *Other Remedies.* If an Event of Default with respect to any Series of Securities occurs and is continuing, the Trustee may in its discretion pursue any available remedy to collect the payment of the principal amount of (or, in the case of Original Issue Discount Securities of that Series, the portion thereby specified in the terms of such Security), premium, if any, or interest on the Securities of that Series or to enforce the performance of any provision of the Securities of that Series or this Indenture.

The Trustee may in its discretion maintain a proceeding even if it does not possess any of the Securities of a Series or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default with respect to any Series of Securities shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04 *Waiver of Past Defaults.* The Holders of a majority in principal amount of the outstanding Securities of all Series affected thereby (all such Series or voting together as a single class) by notice to the Trustee may waive an existing Default and its consequences except: (i) a Default in the payment of the principal amount of (or, in the case of Original Issue Discount Securities of that Series, the portion thereby specified in the terms of such Security), premium, if any, or interest on a Security of that Series or, (ii) a Default arising from the failure to redeem or purchase any Security of that Series when required pursuant to the terms of this Indenture, or (iii) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Holder of Securities of that Series affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

Section 6.05 *Control by Majority.* The Holders of a majority in principal amount of the outstanding Securities of all affected Series (all such Series voting together as a single class) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee with respect to that Series. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of any other Holder of Securities of that Series or that would expose the Trustee to personal liability; *provided, however,* that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

Section 6.06 *Limitation on Suits.* Except to enforce the right to receive payment of the principal amount of (or, in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, or interest on a Security of any Series when due, no Holder of a Security of such Series may pursue any remedy with respect to this Indenture or the Securities of that Series unless:

- (1) the Holder gives to the Trustee written notice stating that an Event of Default with respect to that Series is continuing;
- (2) the Holders of at least 25% in principal amount of the outstanding Securities of all affected Series make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer to the Trustee security or indemnity reasonably satisfactory to it against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Securities of that Series or of all affected Series do not give the Trustee a direction inconsistent with the request during such 60-day period.

A Securityholder of any Series may not use this Indenture to prejudice the rights of another Securityholder of that Series or to obtain a preference or priority over another Securityholder of that Series.

Section 6.07 *Rights of Holders to Receive Payment.* Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of the principal amount of (or, in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, and interest on the Securities held by such Holder, on or after the respective due dates expressed in the Securities, or to bring suit for the enforcement of any payment with respect to the Securities, shall not be impaired or affected without the consent of such Holder.

Section 6.08 *Collection Suit by Trustee.* If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.06.

Section 6.09 *Trustee May File Proofs of Claim.* The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to the Issuer, its creditors or its property and, unless prohibited by law or applicable regulations, may vote on behalf of and as directed by the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Bankruptcy Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.06.

Section 6.10 *Priorities.* If the Trustee collects any money or property pursuant to this Article VI (including Section 6.08) with respect to any Series of Securities, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.06;

SECOND: to Securityholders for amounts due and unpaid on the Securities of that Series for principal (or, in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal (or, in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, and interest, respectively; and

THIRD: to the Issuer.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section. At least 15 days before such record date, the Issuer shall mail to each Securityholder and the Trustee a notice that states the record date, the payment date and amount to be paid.

Section 6.11 *Undertaking for Costs.* In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay

the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the outstanding Securities of any Series.

Section 6.12 Waiver of Stay or Extension Laws. The Issuer (to the extent it may lawfully do so) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee or any Holder, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VII TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default with respect to any Series of Securities has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) With respect to any Series of Securities:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no other duties, covenants or obligations shall be implied or read into this Indenture otherwise or inferred against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to applicable law.

(i) In the exercise of the rights, powers and duties prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly, in good faith and in a commercially reasonable manner and exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances and shall duly observe and comply with the provisions of any legislation and regulations which relate to the functions or role of the Trustee as a fiduciary hereunder.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(e) At the Issuer's expense, the Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of the Trustee, or its legal counsel, it is required to disclose under any applicable laws, court order or administrative directions. The Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

(g) Notwithstanding anything to the contrary which may be contained herein, the Trustee shall not have any obligation to exercise any discretion in the performance of its obligations hereunder and shall only be required to act upon the express written instructions of the Issuer or Securityholders as the case may be. If any provision of this Indenture imposes any obligation or determination to be taken or made by the Trustee and such provision does not expressly state who shall instruct or advise the Trustee, then such instruction or advice shall be required to be provided to the Trustee by Board Resolution.

(h) The Trustee and its Affiliates may buy, sell lend upon and deal in the Securities and generally contract and enter into financial transactions with the Issuer or otherwise, without being liable to account for any profits made thereby.

Section 7.03 *Individual Rights of Trustee.* The Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not a Trustee. Any Service Agent, Paying Agent, Registrar,

co-registrar or co-paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.09 and 7.10.

Section 7.04 *Trustee's Disclaimer.* The Trustee shall not be responsible for, nor does it make any representation as to, the validity or adequacy of this Indenture, the Securities or any offering materials, it shall not be accountable for the Issuer's use of the proceeds from the Securities, and it shall not be responsible for any statement of the Issuer in the Indenture or in any document issued in connection with the sale of the Securities or in the Securities other than the Trustee's certificate of authentication.

Section 7.05 *Notice of Defaults.* If a Default with respect to Securities of any Series occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder of that Series notice of the Default within 90 days after it occurs. Except in the case of a Default in payment of principal of or interest on any Security (including payments pursuant to the redemption provisions of such Security, if any), the Trustee may withhold the notice if and so long as the Trustee in good faith determines that withholding the notice is in the best interests of Securityholders of the affected Series and so advises the Issuer or the Parent in writing. Where notice of the occurrence of a Default is given by the Trustee and the Default is thereafter cured, notice that the Default is no longer continuing shall be given by the Trustee to the Securityholders within a reasonable time, but not exceeding 90 days, after the Default has been cured.

Section 7.06 *Compensation and Indemnity.* The Issuer shall pay to the Trustee from time to time reasonable compensation for its services or such compensation which they shall otherwise agree to in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred or made by it in connection with this Indenture or any matter relating to it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. Any amount due under this Section 7.06 and unpaid 30 days after request for such payment shall bear interest from the expiration of such 30 days at a rate per annum equal to the then current rate charged by the Trustee from time to time, payable on demand. After default, all amounts so payable and the interest thereon payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to any payment of the principal of, or interest or Premium, if any, on, the Notes.

The Issuer shall indemnify the Trustee against any and all loss, liability or expense (including attorneys' fees) it may incur in connection with the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Issuer promptly of any matter for which it may seek indemnity. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. If a claim is brought against the Trustee, the Issuer shall defend the claim and the Trustee may have separate counsel and the Issuer shall pay the fees and expenses of such counsel. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee directly as a result of the Trustee's own willful misconduct, gross negligence or bad faith.

In addition to and without limiting any other protection of the Trustee hereunder or otherwise by law, the Issuer shall indemnify and hold the Trustee, its officers, directors, employees, representatives and agents harmless from and against any and all liabilities, losses, claims, damages, penalties, actions, suits, demands, levies, costs, expenses and disbursements, including any and all reasonable legal and adviser fees and disbursements of whatever kind or nature which may at any time be suffered by, imposed on, incurred by or asserted against the Trustee, whether groundless or otherwise, howsoever arising from or out of any act, omission or error of the Trustee in connection with its acting as Trustee hereunder unless arising from the negligence, willful misconduct or breach of its duties as set forth in Section 7.01(i) on the part of the Trustee. Notwithstanding any other provision hereof, this indemnity

shall survive the removal, or resignation of the Trustee, discharge of this Indenture and termination of any trust created hereby.

The Issuer's payment obligations pursuant to this Section shall survive the discharge of this Indenture. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(5) or (6), the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

Section 7.07 Experts. The Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Trustee may pay remuneration for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney. The Trustee may act and rely and shall be protected in acting and relying on in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser, whether retained or employed by the Issuer, Securityholders or the Trustee, in relation to any matter arising in the performance of its duties under this Indenture.

Section 7.08 Replacement of the Trustee. The Trustee may resign at any time with respect to any Series or Tranche of Securities by so notifying the Issuer not less than 60 days prior to the effective date of such resignation. The Holders of a majority in principal amount of the outstanding Securities of any Series or Tranche may remove the Trustee with respect to that Series or Tranche by so notifying the Trustee. The Issuer shall remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged bankrupt or insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its property; or
- (4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuer or by the Holders of a majority in principal amount of the outstanding Securities of any Series or Tranche or if a vacancy exists in the office of the Trustee for any reason (the Trustee in each such event being referred to herein as the "**Retiring Trustee**"), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the Retiring Trustee and to the Issuer. Thereupon the resignation or removal of the Retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of a Trustee under this Indenture. A successor Trustee with respect to any Series or Tranche of Securities shall mail a notice of its succession to the outstanding Securityholders of that Series or Tranche. The Retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.06.

If a successor Trustee with respect to any Series or Tranche of Securities does not take office within 60 days after the Retiring Trustee resigns or is removed, the Retiring Trustee or the Holders of 10% in principal amount of the outstanding Securities of that Series or Tranche may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee with respect to any Series or Tranche of Securities fails to comply with Section 7.10, any outstanding Securityholder of that Series or Tranche may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's obligations under Section 7.06 shall continue for the benefit of the Retiring Trustee.

Section 7.09 *Successor Trustee by Merger.* If the Trustee consolidates or amalgamates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee with respect to the Trustee.

In case at the time such successor or successors by merger, conversion, amalgamation or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.10 *Eligibility; Disqualification.*

(a) The Trustee represents and warrants to the Issuer and the Parent that it is a trust company organized under the laws of Canada or a province thereof and is qualified and authorized under such laws and the laws of each province of Canada to carry on trust business therein. If at any time the Trustee shall cease to be qualified and authorized under such laws and the laws of each province of Canada to carry on trust business therein, it shall resign immediately in the manner and with the effect hereinafter specified in Section 7.08. The Trustee which is a successor to or is appointed as a replacement of the Trustee shall meet the qualifications set out in this Section 7.10.

(b) The Trustee represents and warrants to the Issuer and the Parent that at the date of the execution and delivery of this Indenture there exists no material conflict of interest in the Trustee's role as a fiduciary hereunder. If at any time a material conflict of interest exists in respect of any the Trustee's role as a fiduciary under this Indenture that is not eliminated within 90 days after the Trustee becomes aware that such a material conflict of interest exists, the Trustee shall resign from the trusts under this Indenture by giving notice in writing of such resignation and the nature of such conflict to the Issuer at least 21 days prior to the date upon which such resignation is to take effect, and shall on such date be discharged from all further duties and liabilities hereunder. The validity and enforceability of this Indenture and any Securities shall not be affected in any manner whatsoever by reason only of the existence of a material conflict of interest of the Trustee.

Section 7.11 *Securityholder List.* A Securityholder may, upon payment to the Trustee of a reasonable fee, require the Trustee to furnish within 10 days after delivering the affidavit or statutory declaration referred to below, a list setting out: (i) the name and address of every registered Securityholder; (ii) the aggregate principal amount of Securities owned by each registered Securityholder; and (iii) the aggregate principal amount of outstanding Securities, each as shown on the records of the Trustee on the day that the affidavit or statutory declaration is delivered to the Trustee. The affidavit or statutory declaration, as the case may be, shall contain: (1) the name, address and occupation of the requesting Securityholder; (2) where the requesting Securityholder is a corporation, its name and address for service; and (3) a statement that the list will not be used except in connection with an effort to influence the voting of the Securityholders, an offer to acquire Securities or any other matter relating to the Securities or the affairs of the Issuer. Where the requesting Securityholder is a corporation, the affidavit or statutory declaration shall be made by a director or officer of the Securityholder.

Section 7.12 *Initial Appointment of the Trustee.* The Issuer hereby appoints Computershare Trust Company of Canada as the initial Trustee, and Computershare Trust Company of Canada hereby accepts such appointment.

Section 7.13 *Third Party Interests.* Each party to this Indenture hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

Section 7.14 *Trustee Not Bound to Act.* The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the other parties to this Indenture, provided (i) that the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

Section 7.15 *Privacy Laws* The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, no party to this Indenture shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Issuer shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

Section 7.16 *S.E.C. Reporting.* The Issuer confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the US Securities Exchange Act or have a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act. The Issuer covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the US Securities Exchange Act or the Issuer shall incur a reporting obligation pursuant to Section 15(d) of the US Securities Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Issuer in accordance with the US Securities Exchange Act, the Issuer shall promptly deliver to the Trustee an Officers' Certificate (in a form provided by the Trustee) notifying the Trustee of such registration or termination and such other information as the Trustee may require at the time. The Issuer acknowledges that the Trustee is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

ARTICLE VIII **DISCHARGE OF INDENTURE; DEFEASANCE**

Section 8.01 *Discharge of Liability on Securities; Defeasance.*

(a) When:(1) the Issuer delivers to the Trustee all outstanding Securities of a Series or Tranche (other than Securities replaced pursuant to Section 2.08) for cancellation; or (2) all outstanding Securities of a Series or Tranche have become due and payable, whether at maturity or on a redemption date as a result of the mailing of a notice of redemption pursuant to Article III hereof and the Issuer irrevocably deposits with the Trustee funds sufficient to pay at maturity or upon redemption all outstanding principal and other amounts, if any, payable on the Securities of that Series or Tranche,

including interest thereon to maturity or such redemption date (other than Securities replaced pursuant to Section 2.08), and if in either case the Issuer pays all other sums payable hereunder by the Issuer, then this Indenture shall, as it relates to that Series or Tranche, as the case may be, subject to Section 8.01(c), cease to be of further effect. The Trustee shall acknowledge satisfaction and discharge of this Indenture on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Issuer.

(b) Subject to Sections 8.01(c) and 8.02, the Issuer at any time may terminate: (1) all its obligations under the Securities of any Series or Tranche and this Indenture with respect to such Series or Tranche (" **legal defeasance option** "): or (2) its obligations with respect to any Series or Tranche of Securities under the covenants contained in one or more supplemental indentures establishing the terms of such Series or Tranche and the operation of Section 6.01(4) (" **covenant defeasance option** "). The Issuer may exercise its legal defeasance option with respect to any Series or Tranche of Securities notwithstanding its prior exercise of its covenant defeasance option with respect to that Series or Tranche. The Issuer may exercise its legal defeasance option or covenant defeasance option with respect to a Tranche or Series without exercising such option with respect to any other Trance or Series.

If the Issuer exercises its legal defeasance option with respect to any Series or Tranche of Securities, payment of the Securities of such Series or Tranche, as the case may be, may not be accelerated because of an Event of Default with respect thereto. If the Issuer exercises its covenant defeasance option with respect to any Series or Tranche of Securities, payment of the Securities of such Series or Tranche, as the case may be, may not be accelerated because of an Event of Default specified in Section 6.01(4). If the Issuer exercises its legal defeasance option or its covenant defeasance option with respect to any Series or Tranche of Securities, each Subsidiary Guarantor, if any, shall be released from all its obligations with respect to its Subsidiary Guaranty with respect to that Series or Tranche, as the case may be.

Upon satisfaction of the conditions set forth herein and upon request of the Issuer, the Trustee shall acknowledge in writing the discharge of those obligations that the Issuer terminates, subject to Section 8.06.

(c) Notwithstanding clauses (a) and (b) above, the Issuer's obligations in Sections 2.04, 2.05, 2.06, 2.07, 2.08, 2.09, 7.06 and 7.07, and in this Article VIII, with respect to each Series or Tranche of Securities shall survive until all the Securities of that Series or Tranche, as the case may be, have been paid in full. Thereafter, the Issuer's obligations in Sections 7.06, 8.04 and 8.05 shall survive.

Section 8.02 Conditions to Defeasance. The Issuer may exercise its legal defeasance option or its covenant defeasance option (provided that with respect to covenant defeasance such defeasance is provided for in the applicable supplemental indenture hereto) with respect to any Series or Tranche of Securities only if:

(1) the Issuer irrevocably deposits in trust with the Trustee money or Canadian Government Obligations for the payment of principal of, and premium, if any, interest on, all the Securities of that Series or Tranche, as the case may be, to maturity or redemption or due date of such payments in accordance with this Indenture and the Securities, as the case may be;

(2) the Issuer delivers to the Trustee a certificate from a nationally recognized firm of independent accountants expressing their opinion that the payments of principal and interest when due and without reinvestment on the deposited Canadian Government Obligations plus any deposited money without investment will provide cash at such times and in such amounts as will be sufficient to pay principal, premium and interest when due on all the Securities of that Series or Tranche, as the case may be, to maturity or redemption or due date of such payments in accordance with this Indenture and the Securities, as the case may be;

(3) 123 days pass after the deposit is made and during the 123-day period no Default specified in Sections 6.01(5) or 6.01(6) occurs which is continuing at the end of the 123-day period;

(4) the deposit does not constitute a default under any other agreement binding on the Issuer;

(5) the Issuer delivers to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or if it does so constitute, is qualified as, a regulated investment company under the Investment Company Act of 1940;

(6) in the case of the legal defeasance option, the Issuer shall have delivered to the Trustee an Opinion of Counsel stating that, based on applicable Canadian federal income tax law or a ruling granted by the Canadian Revenue Agency, such defeasance and discharge will not result in, or be deemed to result in, a taxable event or any withholding tax with respect to the Securityholders of that Series or Tranche, as the case may be;

(7) in the case of the covenant defeasance option, the Issuer shall have delivered to the Trustee an Opinion of Counsel stating that, based on applicable Canadian federal income tax law or a ruling granted by the Canadian Revenue Agency, such defeasance and discharge will not result in, or be deemed to result in, a taxable event or any withholding tax with respect to the Securityholders of that Series or Tranche, as the case may be;

(8) the Issuer delivers to the Trustee an Opinion of Counsel to the effect that (A) Holders of that Series or Tranche, as the case may be, will not recognize income, gain or loss for income tax purposes of such jurisdiction as a result of such deposit or defeasance or both; and (B) will be subject to income tax of such jurisdiction on the same amounts, and in the same manner and at the same times as would have been the case if such deposit or defeasance or both had not occurred; and

(9) the Issuer delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance and discharge of the Securities as contemplated by this Article VIII have been complied with.

Before or after a deposit, the Issuer may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article III.

Section 8.03 *Application of Trust Money.*

(a) The Trustee shall hold in trust any money or Canadian Government Obligations deposited with it pursuant to this Article VIII. It shall apply the deposited money and the money from Canadian Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Securities of the particular Series or Tranche for which such moneys have been deposited.

(b) During the term of this Indenture, the Trustee shall have no obligation to invest or reinvest any money, Canadian Government Obligations or other securities deposited or received hereunder, except as specifically directed by the Issuer in writing. Any interest or other income received on such Canadian Government Obligations or other securities deposited or received hereunder, or from investment and reinvestment of the money, Canadian Government Obligations or other securities deposited or received hereunder shall become part of the property held hereunder and any losses incurred on such investment and reinvestment of such property shall be debited against the property held hereunder.

Section 8.04 *Repayment to Issuer.* The Trustee and the Paying Agent shall promptly turn over to the Issuer upon request any excess money or securities held by them at any time.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuer upon request any money held by them for the payment of principal or interest that remains

unclaimed for two years, and, thereafter, Securityholders entitled to the money must look to the Issuer for payment as general creditors.

Section 8.05 *Indemnity for Government Obligations.* The Issuer shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited money, Canadian Government Obligations or the principal and interest received on such money or Canadian Government Obligations.

Section 8.06 *Reinstatement.* If the Trustee or Paying Agent is unable to apply any money or Canadian Government Obligations in accordance with this Article VIII by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's obligations under this Indenture and the applicable Series or Tranche of Securities and the Subsidiary Guarantors' obligations under their respective Subsidiary Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to this Article VIII until such time as the Trustee or Paying Agent are permitted to apply all such money or Canadian Government Obligations in accordance with this Article VIII; provided, however, that, if the Issuer has made any payment of interest on or principal of any Securities of that Series or Tranche because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or Canadian Government Obligations deposited with and held by the Trustee or Paying Agent.

ARTICLE IX AMENDMENTS

Section 9.01 *Without Consent of Holders.* The Issuer, the Guarantors and the Trustee may amend or supplement this Indenture or the Securities without notice to or consent of any Securityholder:

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency in this Indenture;
- (2) to comply with Article V;
- (3) to provide for uncertificated Securities in addition to or in place of certificated Securities, subject to applicable law;
- (4) in the case of subordinated Securities, to make any change in the provisions of this Indenture or any supplemental indenture relating to subordination that would limit or terminate the benefits available to any holder of Senior Debt (as defined in the applicable Board Resolution, supplemental indenture hereto or Officers' Certificate related to such Series of subordinated Securities) under such provisions (but only if each such holder of Senior Debt under such provisions consents to such change);
- (5) to add guarantees with respect to the Securities, including any Subsidiary Guarantees, or to secure the Securities;
- (6) to add to the covenants of the Issuer or any Guarantor for the benefit of the Holders of all or any Series of Securities, to add Events of Default or to surrender any right or power herein conferred upon the Issuer or any Guarantor;
- (7) to make any change that does not adversely affect the rights of any Securityholder;
- (8) to evidence the acceptance of appointment of a successor or separate Trustee;
- (9) to add to, change, or eliminate any of the provisions of this Indenture with respect to one or more Series of Securities, so long as any such addition, change or elimination not otherwise permitted under this Indenture shall: (A) neither apply to any Security of any Series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor modify the

rights of the Holders of any such Security with respect to the benefit of such provision; or (B) become effective only when there is no such prior Security outstanding;

(10) to evidence and provide for the acceptance of appointment by a successor or separate Trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of this Indenture as shall be necessary or desirable to provide for or facilitate the administration of this Indenture by additional Trustee; or

(11) to establish the form or terms of Securities and coupons of any Series pursuant to Article II and to change the procedures for transferring and exchanging Securities of any Series so long as such change does not adversely affect the holders of any outstanding Securities (except as required by applicable securities laws);

(12) to evidence the release of a Subsidiary Guarantor of its obligations under Article X in accordance with Section 10.06; or

(13) to secure any Series of the Securities.

After an amendment under this Section becomes effective, the Issuer shall mail to Securityholders a notice briefly describing such amendment. The failure to give such notice to all Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

Section 9.02 *With Consent of Holders.* The Issuer, the Guarantors and the Trustee may amend this Indenture or the Securities of any Series with the written consent of the Holders of at least a majority in principal amount of the Securities of each Series then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities) affected by such amendment (all such affected Series voting together as a single class). However, without the consent of each Securityholder affected thereby, an amendment may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment;

(2) reduce the rate of or extend the time for payment of interest on any Security;

(3) reduce the principal amount (or premium, if any) of or extend the final maturity of any Security;

(4) reduce the amount payable upon the redemption of any Security or change the time at which any Security may be redeemed in accordance with Article III;

(5) make any Security payable in money other than that stated in the Security;

(6) make any changes in the ranking or priority of any Security that would adversely affect the Securityholders;

(7) make any change in Section 6.04 or 6.05 or the second sentence of this Section;

(8) make any change in the Parent Guaranty or any Subsidiary Guaranty that would adversely affect the Securityholders; or

(9) subject to Section 6.06, impair the right of any Holder of a Security of any Series to institute suit for the payment of principal amount of (or in the case of Original Issue Discount Securities, the portion thereby specified in the terms of such Security), premium, if any, or interest on a Security of such Series when due.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment under this Section becomes effective, the Issuer shall mail to all affected Securityholders a notice briefly describing such amendment. The failure to give such notice to all such Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

Every amendment to this Indenture or the Securities shall be set forth in a supplemental indenture. A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more Holders of a particular Series of Securities, or which modifies the rights of the Holders of Securities of such Series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of any other Series of Securities.

Section 9.03 Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder of that particular Series. An amendment or waiver becomes effective upon the execution of such amendment or waiver by the Trustee.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Securityholders of a particular Series entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture or any applicable supplemental indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent, to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

Section 9.04 Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the Security shall issue and execute and the Trustee shall authenticate and deliver a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue, execute, authenticate or deliver a new Security shall not affect the validity of such amendment.

Section 9.05 Trustee To Sign Amendments. The Trustee shall sign any amendment, consent or waiver authorized pursuant to this Article IX if the amendment consent or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment, consent or waiver, the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment consent or waiver is authorized or permitted by this Indenture or the applicable supplemental indenture.

Section 9.06 Payment for Consent. Neither the Issuer nor any Affiliate of the Issuer shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or any Subsidiary Guaranty or the Securities unless such consideration is offered to be paid to all Holders that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

ARTICLE X GUARANTIES

Section 10.01 *Guarantees.* If Guarantees have been provided for any particular Series of Securities pursuant to Section 2.02, each applicable Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, to each Holder of Securities of such Series, to the Trustee and its successors and assigns: (a) the full and punctual payment of all of the principal of, and any premium and interest on, the Securities of such Series when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Issuer under this Indenture and the Securities of such Series; and (b) the full and punctual performance within applicable grace periods of all other obligations of the Issuer under this Indenture with respect to the Securities of such Series and under the Securities of such Series (all the foregoing being hereinafter collectively called the " **Guaranteed Obligations** "). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Guarantor and that such Guarantor will remain bound under this Article X notwithstanding any extension or renewal of any Guaranteed Obligation.

In addition, if Guarantees have been provided pursuant to Section 2.02 for a particular Series of Securities, each applicable Guarantor waives: (1) presentation to, demand of, payment from and protest to the Issuer of any of the Guaranteed Obligations and also waives notice of protest for non-payment; and (2) notice of any default under the Securities of such Series or the Guaranteed Obligations, and agrees that the Holders of such Securities may exercise their rights of enforcement under its Guaranty without first exercising their rights of enforcement directly against the Issuer. The obligations of each Guarantor hereunder shall not be affected by: (a) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuer or any other Person under this Indenture, the Securities or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (e) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (f) any change in the ownership of such Guarantor.

If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, each applicable Guarantor further agrees that its Guaranty constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, and except as expressly set forth in Sections 8.01(b), 10.02 and 10.06, the obligations of each applicable Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, each applicable Guarantor further agrees that its Guaranteed Obligations herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, or premium or interest on, any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Issuer or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Issuer to pay the principal of, or premium or interest on, any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of: (1) the unpaid amount of such Guaranteed Obligations; (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law); and (3) all other monetary Guaranteed Obligations of the Issuer to the Holders and the Trustee.

Each Guarantor agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand: (x) the maturity of the Guaranteed Obligations may be accelerated as provided in Article VI for the purposes of such Guarantor's Guaranty herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations; and (y) in the event of any declaration of acceleration of such Obligations as provided in Article VI, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section.

If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, each applicable Guarantor also agrees to pay any and all costs and expenses (including reasonable fees and expenses of attorneys and other agents) incurred by the Trustee or any Holder in enforcing any rights under this Section.

Section 10.02 Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Guarantor, or the applicable supplemental indenture voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Section 10.03 Successors and Assigns. If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, this Article X shall be binding upon each Guarantor so providing a Guaranty with respect to such Series and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in such Series of Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 10.04 No Waiver. Neither a failure nor a delay on the part of the Trustee or the Holders in exercising any right, power or privilege under this Article X shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which they may have under this Article X or this Indenture at law, in equity, by statute or otherwise.

Section 10.05 Modification. No modification, amendment or waiver of any provision of this Article X, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective

unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 10.06 *Release of Subsidiary Guarantor.* Upon: (i) the sale or other disposition (including by way of consolidation, amalgamation or merger), in one transaction or a series of related transactions, of a majority of the total voting power of the Capital Stock or other interests of a Subsidiary Guarantor (other than to the Parent, the Issuer or any of their Subsidiaries); or (ii) the sale or other disposition of all or substantially all the assets of such Subsidiary Guarantor (other than to the Parent, the Issuer or any of their respective Subsidiaries); or (iii) if at any time when no Event of Default has occurred and is continuing, such Subsidiary Guarantor no longer guarantees (or which guarantee is being simultaneously released or will be immediately released after the release of the Subsidiary Guarantor) Debt of the Parent or the Issuer under (A) the Parent's or the Issuer's then existing primary revolving credit facility; (B) the Existing Notes; and (C) the Additional Debt, such Subsidiary Guarantor shall automatically be deemed released from all obligations under this Article X without any further action required on the part of the Trustee or any Holder. At the request of the Issuer, the Trustee shall execute and deliver an appropriate instrument, including a supplemental indenture, evidencing such release.

Section 10.07 *Contribution.* If Guarantees have been provided for a particular Series of Securities pursuant to Section 2.02, each Subsidiary Guarantor that makes a payment under its Subsidiary Guaranty shall be entitled upon payment in full of all Guaranteed Obligations with respect to such Series to a contribution from each other Subsidiary Guarantor so providing a Subsidiary Guaranty with respect to such Series of Securities in an amount equal to such other Subsidiary Guarantor's pro rata portion of such payment based on the respective net assets of all the Subsidiary Guarantors so providing a Subsidiary Guaranty with respect to such Series of Securities at the time of such payment determined in accordance with GAAP.

ARTICLE XI MISCELLANEOUS

Section 11.01 *Notices.* Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Issuer or any Guarantor:

Molson Coors International LP
1225 17th Street
Denver, Colorado 80202
Attention: Chief Legal Officer

if to the Trustee:

Computer Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

The Issuer, any Guarantor or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 11.02 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer or the Parent to the Trustee to take or refrain from taking any action under this Indenture, the Issuer shall furnish to the Trustee:

- (1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 11.03 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

- (1) a statement that the individual making such certificate or opinion has read and understands such covenant or condition;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

Section 11.04 When Securities Disregarded. In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Issuer or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded. Also, subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

Section 11.05 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders; provided that Securityholders representing a majority of the outstanding principal amount of the Securities of any Series shall be entitled to direct the Trustee to call such a meeting. The Registrar and the Paying Agent may make reasonable rules for their functions.

Section 11.06 Legal Holidays. A " **Legal Holiday** " is a Saturday, a Sunday or a day on which banking institutions are authorized or required by law or executive order to close in the City of Toronto, Ontario, Canada. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

Section 11.07 *Governing Law.* This Indenture and the Securities shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 11.08 *No Recourse Against Others.* A director, officer, employee or stockholder, as such, of the Issuer or any Guarantor shall not have any liability for any obligations of the Issuer under the Securities or this Indenture or of such Guarantor under its Guaranty or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

Section 11.09 *Successors.* All agreements of the Issuer and the Guarantors in this Indenture and the Securities shall bind their respective successors. All agreements of each Trustee in this Indenture shall bind its successors.

Section 11.10 *Appointment of Authorized Agent.* By execution and delivery of this Agreement, the Issuer acknowledges that it has, by separate written instrument, appointed and designated, without power of revocation, Molson Coors Brewing Company, with offices on the date hereof located at 1225 17th Street, Suite 1875, Denver, Colorado 80202, as its authorized agent (the " **Authorized Agent** ") to accept and acknowledge on its behalf service of any and all process which may be served in any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement or the transactions contemplated hereby brought in any New York State or United States federal court located in the Borough of Manhattan, the city of New York, New York. Such service may be made by delivering a copy of such process to the Issuer in care of the Authorized Agent at the address specified above for the Authorized Agent and obtaining a receipt therefor, and the Issuer hereby irrevocably authorizes and directs the Authorized Agent to accept such service on its behalf.

If the Authorized Agent is amalgamated or consolidated with or merged into another entity incorporated in the United States (a " **U.S. Entity** "), then the surviving entity shall succeed as, and shall be substituted for, the Authorized Agent. If the Authorized Agent is amalgamated or consolidated with or merged into a subsidiary of Parent that is not a U.S. Entity, is sold or transferred to another Person or is liquidated, then the Issuer shall appoint another United States subsidiary of Parent or CT Corporation System as the authorized agent for service of process.

Section 11.11 *Multiple Originals.* The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

Section 11.12 *Table of Contents; Headings.* The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

Section 11.13 *Language of Notices, Etc.* Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the company of publication, or unless otherwise required by applicable law.

Section 11.14 *Submission to Jurisdiction.* Each of the Issuer and the Guarantors (i) submits for itself and its property in any legal action or proceeding relating to this Indenture, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof; (ii) consents that any such action or proceeding may be brought in such courts, waives any objection that it may now or hereafter have to the venue of any such action

or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the address of the Authorized Agent it at its address set forth above at such other address of which the Trustee shall have been notified pursuant thereto; and (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

Section 11.15 *Force Majeure.* Except for the payment obligations of the Issuer and Guarantors contained herein, none of the parties shall be liable to the others, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

MOLSON COORS INTERNATIONAL LP, by
its General Partner, Molson Coors International
General ULC

By: /s/ SAMUEL D. WALKER

Name: Samuel D. Walker
Title: Vice President and Secretary

GUARANTORS:

MOLSON COORS BREWING COMPANY

By: /s/ SAMUEL D. WALKER

Name: Samuel D. Walker
Title: Chief Legal Officer and
Secretary

COORS BREWING COMPANY

By: /s/ SAMUEL D. WALKER

Name: Samuel D. Walker
Title: Chief Legal Officer and
Secretary

MOLSON CANADA 2005

By: /s/ E. JAY WELLS

Name: Earl Wells
Title: Chief Financial Officer

CBC HOLDCO, INC.

By: /s/ SAMUEL D. WALKER

Name: Samuel D. Walker
Title: Chief Legal Officer and
Secretary

COORS INTERNATIONAL HOLDCO ULC

By: /s/ E. JAY WELLS

Name: Earl Wells
Title: Chief Financial Officer

MOLSON COORS CALLCO ULC

By: /s/ E. JAY WELLS

Name: Earl Wells
Title: Chief Financial Officer

**MOLSON COORS INTERNATIONAL
GENERAL ULC**

By: /s/ E. JAY WELLS

Name: Earl Wells
Title: Chief Financial Officer

MOLSON COORS CAPITAL FINANCE ULC

By: /s/ E. JAY WELLS

Name: Earl Wells
Title: Vice President

TRUSTEE:

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

By: /s/ PATRICIA WAKELIN

Name: Patricia Wakelin
Title: Corporate Trust Officer

By: /s/ KEMI ATAWO

Name: Kemi Atawo
Title: Corporate Trust Officer

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MOLSON COORS INTERNATIONAL LP, as Issuer

and

THE GUARANTORS NAMED HEREIN, as Guarantors

and

COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of October 6, 2010

to the

INDENTURE dated as of October 6, 2010

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APPENDIX

EXHIBIT A TO APPENDIX

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of October 6, 2010 (this "First Supplemental Indenture"), to the Indenture dated as of October 6, 2010 (the "Original Indenture"), is entered into among MOLSON COORS INTERNATIONAL LP, a Delaware limited partnership (the "Issuer"), MOLSON COORS BREWING COMPANY, a Delaware corporation (the "Parent Guarantor"), COORS BREWING COMPANY, a Colorado corporation, MOLSON CANADA 2005, an Ontario partnership, CBC HOLDCO, INC., a Colorado corporation, COORS INTERNATIONAL HOLD CO ULC, a Nova Scotia unlimited liability company, MOLSON COORS CALLCO ULC, a Nova Scotia unlimited liability company, MOLSON COORS INTERNATIONAL GENERAL ULC, a Nova Scotia unlimited liability company, and MOLSON COORS CAPITAL FINANCE ULC, a Nova Scotia unlimited liability company (collectively, the "Subsidiary Guarantors" and, together with the Parent Guarantor, the "Guarantors"), and COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company duly existing under the laws of Canada (the "Trustee").

WHEREAS the Issuer, the Guarantors, and the Trustee have heretofore executed and delivered the Original Indenture to provide for the issuance from time to time of Securities (as defined in the Original Indenture) of the Issuer, to be issued in one or more Series;

AND WHEREAS Sections 2.01, 2.02 and 9.01 of the Original Indenture provide, among other things, that the Issuer and the Trustee may enter into indentures supplemental to the Original Indenture for, among other things, the purpose of establishing the designation, form, terms and conditions of Securities of any Series as permitted by Sections 2.01, 2.02 and 9.01 of the Original Indenture;

AND WHEREAS the Issuer: (i) desires the issuance of a Series of Securities to be designated as hereinafter provided; and (ii) has requested the Trustee to enter into this First Supplemental Indenture for the purpose of establishing the designation, form, terms and conditions of the Securities of one Tranche of such Series to be issued in Canadian Dollar denominations;

AND WHEREAS the Issuer, under the laws relating thereto, is duly authorized to create and issue \$500,000,000 aggregate principal amount of 3.95% Series A Notes due October 6, 2017 (the "Series A Notes");

AND WHEREAS the Parent Guarantor and the Subsidiary Guarantors will guarantee the Series A Notes being issued pursuant to this First Supplemental Indenture;

AND WHEREAS all action on the part of the Issuer necessary to authorize the issuance of the Series A Notes under the Original Indenture and under this First Supplemental Indenture (the Original Indenture, as supplemented by this First Supplemental Indenture, being hereinafter called the "Indenture") has been duly taken.

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Issuer and the Guarantors and not by the Trustee.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

That, in order to establish the designation, form, terms and conditions of, and to authorize the authentication and delivery of, the Series A Notes, and in consideration of the acceptance of the Series A Notes by the Holders thereof and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
Definitions

(a) Capitalized terms used herein and not otherwise defined herein or in the Appendix shall have the respective meanings ascribed thereto in the Original Indenture.

(b) The rules of interpretation set forth in the Original Indenture shall be applied hereto as if set forth in full herein.

(c) For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following respective meanings (such meanings shall apply equally to both the singular and plural forms of the respective terms):

"Appendix" has the meaning set forth in Section 2.03(b) hereof.

"Additional Amounts" has the meaning set forth in Section 2.09(a) hereof.

"Additional Securities" means 3.95% Series A Notes due October 6, 2017, denominated in Canadian Dollars and issued from time to time after the Issue Date pursuant to Section 2.04 hereof and under the terms of the Indenture (other than pursuant to Sections 2.07, 2.08, 2.10 or 3.06 of the Original Indenture).

"CDS" has the meaning set forth in Section 2.07 hereof.

"Canada Yield Price" means a price equal to the price which, if the Series A Notes being redeemed were to be issued at such price on the date of redemption, would provide a yield thereon from the date of redemption to their Maturity Date equal to the Government of Canada Yield plus 40 basis points, calculated on the Business Day preceding the date of redemption of the Series A Notes.

"Code" means the Internal Revenue Code of 1986, as amended.

"Excluded Taxes" has the meaning set forth in Section 2.09(b) hereof.

"Government of Canada Yield" means the effective yield from the date fixed for redemption to October 6, 2017, assuming semi-annual compounding, which a non-callable Government of Canada bond, trading at par, would carry if issued in Canadian Dollars in Canada on the date fixed for redemption with a maturity date of October 6, 2017. The Government of Canada Yield shall be calculated as the arithmetic average of the yields to maturity quoted by two Canadian investment dealers selected by the Issuer and acceptable to the Trustee.

"Indemnified Taxes" means any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of the United States or any political subdivision or any authority or agency therein or thereof having power to tax.

"Interest Payment Dates" has the meaning set forth in Section 2.05 hereof.

"Record Dates" has the meaning set forth in Section 2.05 hereof.

"Series A Notes" has the meaning set forth in the preamble hereof.

"Tax Redemption Event" means a change (including an announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein or any change (including an announced prospective change) in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the date hereof, and which, in the written opinion of legal counsel of recognized standing to the Issuer, has resulted or will result (assuming, in the case of any announced prospective change, that such change will become effective as of the date specified in such announcement and in the form announced) in the Issuer, the Parent or any Subsidiary Guarantor, as the case may be, becoming obligated to pay, on the next succeeding date on which principal, premium, if any, or interest is due, any Additional Amounts; provided that, the Issuer, the Parent or such Subsidiary Guarantor (or its successor), as the case may be, in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor).

"Transfer Restricted Securities" has the meaning set forth in the Appendix hereto.

"United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident fiduciary of a foreign estate or trust, or a foreign partnership, one or more of the members of which is a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust and has notified the Parent in writing of its status as such.

ARTICLE II **Designation and Terms of the Securities**

Section 2.01 *Title and Aggregate Principal Amount.* There is hereby created under this First Supplemental Indenture one Series of Securities designated "Series A", which shall be issued under this First Supplemental Indenture in an aggregate principal amount of Cdn.\$500,000,000 Series A Notes bearing an interest rate of 3.95% with a maturity date of October 6, 2017.

Section 2.02 *Execution.* The Series A Notes may forthwith be executed by the Issuer and delivered to the Trustee for authentication and delivery by the Trustee in accordance with the provisions of Section 2.03 of the Original Indenture and Section 2.03(b) of this First Supplemental Indenture.

Section 2.03 *Other Terms and Form of the Securities.* (a) The Series A Notes shall have and be subject to such other terms as provided in the Indenture and shall be evidenced by one or more Global Securities in registered form only and in the form of Exhibit A to the Appendix (as defined below). Beneficial interests in a Global Security shall be represented through book-entry accounts to be established and maintained by CDS for financial institutions acting on behalf of beneficial owners as direct and indirect participants in CDS.

(b) Provisions relating to the Series A Notes are set forth in the Appendix attached hereto (the "Appendix") which is hereby incorporated in and expressly made part of this First Supplemental Indenture. The Series A Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A to the Appendix. The Series A Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Issuer is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Issuer). Each Series A Note shall be dated the date of its authentication. The terms of the Series A Notes set forth in the Appendix and the Exhibit thereto are part of the terms of this First Supplemental Indenture.

Section 2.04 *Further Issues, Single Tranche.* The Issuer shall be entitled to issue Additional Securities under this First Supplemental Indenture which shall have identical terms as the Series A Notes issued on the Issue Date, other than with respect to the date of issuance and issue price, so as to form a single Series of Securities with the other Series A Notes issued hereunder. The Series A Notes issued on the Issue Date and any Additional Securities shall be treated as a single Tranche for all purposes under the Indenture.

With respect to any Additional Securities, the Issuer shall set forth in a Board Resolution and an Officers' Certificate, a copy of each of which shall be delivered to the Trustee, the following information:

- (1) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to the Indenture;
- (2) the issue price, the issue date and the CUSIP number of such Additional Securities; provided, however, that no Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code.

Section 2.05 *Interest and Principal.* The Series A Notes issued under this First Supplemental Indenture will mature on October 6, 2017 and will bear interest at the rate of 3.95% per annum. The Issuer will pay interest on the Series A Notes, in arrears, in equal installments, on each April 6 and

October 6 in each year (the "Interest Payment Dates"), beginning on April 6, 2011, to the holders of record as of the close of business on the immediately preceding April 1 or October 1 (the "Record Dates"), respectively. Interest on the Series A Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance. Unless otherwise specifically provided in the terms of the Series A Notes, interest for any period of less than 6 months shall be computed on the basis of a year of 365 days. Whenever interest is computed on a basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year. Payments of the principal of and interest on the Series A Notes shall be made in Canadian Dollars, and the Series A Notes shall be denominated in Canadian Dollars.

Section 2.06 Place of Payment. The place of payment where the Series A Notes may be presented or surrendered for payment, where the principal of and interest and any other payments due on the Series A Notes are payable, where the Series A Notes may be surrendered for registration of transfer or exchange and where notices and demands (other than service of process) to and upon the Issuer in respect of the Series A Notes and the Indenture may be served shall be in Toronto, Canada, and the office or agency maintained by the Issuer for such purpose shall be the Corporate Trust Office of the Trustee in Toronto. At the option of the Issuer, payment of interest on the Series A Notes may be made by cheque mailed to registered Holders in accordance with Section 2.13 (e) of the Original Indenture.

Section 2.07 Depository; Registrar. The Issuer appoints CDS Clearing and Depository Services Inc. ("CDS") to act as Depository with respect to the Global Securities. The Issuer appoints the Trustee to act as the Registrar and the Paying Agent and designates the Trustee's Toronto office as the office or agency referred to in Section 2.04 of the Original Indenture.

Section 2.08 No Redemption by Holders. The Series A Notes shall not be redeemable at the option of any Holder thereof, upon the occurrence of any particular circumstances or otherwise. The Series A Notes will not have the benefit of any sinking fund.

Section 2.09 Taxes. (a) Any and all payments made by or on behalf of the Issuer, the Parent or any of the Subsidiary Guarantors under or with respect to any Series A Notes or the Guarantees to a United States Alien will be made free and clear of, and without withholding or deduction for or on account of, any Indemnified Taxes, unless the Issuer, the Parent or such Subsidiary Guarantor, as the case may be, is required to withhold or deduct Indemnified Taxes by law or by the interpretation or administration thereof. If the Issuer, the Parent or such Subsidiary Guarantor is so required to withhold or deduct any amount for or on account of Indemnified Taxes from any payment made under or with respect to the Series A Notes or the Guarantees, the Issuer, the Parent or such Subsidiary Guarantor, as the case may be, shall pay to each Holder of such Series A Notes, as additional interest, such additional amounts (the "Additional Amounts") as may be necessary so that the net amount received by each such Holder after such withholding or deduction (and after deducting any Indemnified Taxes on such Additional Amounts) will not be less than the amount such Holder would have received if such Indemnified Taxes had not been withheld or deducted, except as provided in Section 2.09(b) of this First Supplemental Indenture.

(b) No Additional Amounts will be payable with respect to the following (each, and "Excluded Tax"):

(i) a payment made to a Holder in respect of the beneficial owner thereof for or on account of:

A. any such tax, assessment or other governmental charge which would not have been so imposed but for the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Holder, if such Holder is an estate, a trust, a partnership or a corporation) and the United States, including,

without limitation, such Holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein, or having or having had a permanent establishment therein;

B. any tax, assessment or other governmental charge imposed by reason of such Holder's past or present status for United States federal income tax purposes as a personal holding company or foreign personal holding company or controlled foreign corporation or passive foreign investment company or as a corporation which accumulates earnings to avoid United States federal income tax or as a private foundation or other tax-exempt organization;

C. any tax, assessment or other governmental charge which would not have been so imposed but for the presentation by the Holder of any Series A Notes for payment on a date more than 60 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

D. any tax, assessment or other governmental charge imposed by reason of such Holder's past or present status as the actual or constructive owner of 10 per cent or more of the total combined voting power of all classes of stock entitled to vote of the Issuer or Parent;

E. any tax, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the Holder or beneficial owner of such Series A Note if such compliance is required by statute or by regulation of the United States or of any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from such tax, assessment or other governmental charge;

F. any tax, assessment or other governmental charge imposed on a Holder that is a "United States Person" as defined in section 7701(a)(30) of the Code;

G. any tax, assessment or other governmental charge which is payable otherwise than by withholding from payments on or in respect of any Series A Note; or

H. any combination of the foregoing items; and

(ii) any inheritance, estate, gift, sales, excise, transfer, personal property or similar tax, assessment or governmental charge.

(c) In the event that the Issuer, the Parent or such Subsidiary Guarantor is so required to withhold or deduct any amount for or on account of Indemnified Taxes from any payment made under or with respect to the Series A Notes, the Issuer, the Parent or such Subsidiary Guarantor, as the case may be, shall make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

(d) The Issuer, the Parent or any Subsidiary Guarantors, as the case may be, shall furnish to the Holders of the Series A Notes, within 60 days after the date the payment of such Indemnified Taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by the Issuer, the Parent or such Subsidiary Guarantor, as the case may be.

(e) The Issuer, the Parent and each Subsidiary Guarantor shall indemnify and hold harmless each Holder from and against, and upon written request reimburse each such Holder for the amount (excluding any Excluded Taxes or amounts with respect to which Additional Amounts have previously been paid by the Issuer, the Parent or any of the Subsidiary Guarantors) of:

(i) any Indemnified Taxes levied or imposed and paid by such Holder as a result of payments made under or with respect to the Series A Notes or the Guarantees;

(ii) any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; and

(iii) any Indemnified Taxes imposed and paid by such Holder with respect to any reimbursement under sub-clause (i) or (ii) above.

(f) The Issuer shall pay any present or future stamp, court, documentary or other similar taxes, charges or levies that arise from the execution, delivery or registration of or enforcement of rights under, the Indenture or any related document.

ARTICLE III **Redemption of the Securities**

Section 3.01 *Optional Redemption* . The Series A Notes will be redeemable as a whole at any time or in part from time to time, at the option of the Issuer, at a redemption price equal to the greater of: (i) 100% of the principal amount of such Series A Notes then outstanding; or (ii) the Canada Yield Price; plus, in either case, accrued and unpaid interest on the principal amount being redeemed to the redemption date. Notwithstanding the foregoing, installments of interest on Series A Notes that are due and payable on Interest Payment Dates falling on or prior to a redemption date will be payable on the Interest Payment Date to the Holders as of the close of business on the relevant Record Date. Notice of any redemption will be mailed by first class mail, postage prepaid, at least 30 days but no more than 60 days before the redemption date to each Holder of the Series A Notes to be redeemed. Unless the Issuer defaults in payment of the redemption price and accrued and unpaid interest, on and after the redemption date, interest will cease to accrue on the Series A Notes or portions thereof called for redemption. If fewer than all of the Series A Notes are to be redeemed, the Trustee shall select, not more than 60 days prior to the redemption date, the particular Series A Notes or portions thereof for redemption from the outstanding Series A Notes not previously called by such method as the Trustee deems fair and appropriate.

Section 3.02 *Tax Redemption Event* . Upon the occurrence of a Tax Redemption Event, the Issuer may redeem the Series A Notes at any time, in whole but not in part, at a redemption price equal to the principal amount of the outstanding Series A Notes, plus accrued and unpaid interest on the principal amount of the Series A Notes being redeemed to, but excluding, the redemption date, by delivering to the Trustee at least 30 days, but not more than 60 days, prior to the date fixed for such redemption, a certificate, signed by an authorized Officer, stating that the Issuer is entitled to redeem such Series A Notes pursuant to this Section 3.02 and specifying the date fixed for such redemption.

ARTICLE IV **Guarantees**

Section 4.01 *Parent Guaranty* . The Series A Notes shall be guaranteed by the Parent. The Parent hereby confirms its Guaranty of the Series A Notes and confirms the applicability of the provisions of the Original Indenture to the Parent with respect to the Series A Notes.

Section 4.02 *Subsidiary Guarantees* . The Series A Notes shall be guaranteed by the following Subsidiaries (which are hereby designated "Subsidiary Guarantors" under the Indenture with respect to these Series A Notes): Coors Brewing Company, Molson Canada 2005, CBC Holdco, Inc., Coors International Holdco ULC, Molson Coors Calico ULC, Molson Coors International General ULC, Molson Coors Capital Finance ULC, and any other Subsidiary of the Parent that executes and delivers to the Trustee a Guaranty Agreement pursuant to the terms of Section 4.06 of the Original Indenture, but excluding any Subsidiary (including any Subsidiary referred to above in this Section) that has been released from its obligations under the Indenture in accordance with Section 10.06 of the Original Indenture. Each of the Subsidiary Guarantors hereby confirms its Guaranty of the Series A Notes and confirms the applicability of the provisions of the Original Indenture to such Subsidiary Guarantor with respect to the Series A Notes.

ARTICLE V **Miscellaneous**

Section 5.01 *Ratification of Original Indenture: Supplemental Indentures Part of Original Indenture* . Except as expressly amended or supplemented hereby, the Original Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This First Supplemental Indenture shall form a part of the Original Indenture for all purposes, and every Holder of any Series A Notes heretofore or hereafter authenticated and delivered pursuant hereto shall be bound hereby. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this First Supplemental Indenture, in which case the terms of this First

Supplemental Indenture shall govern and supersede those contained in the Original Indenture, this First Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture and this First Supplemental Indenture were contained in one instrument.

Section 5.02 *Concerning the Trustee*. The recitals contained herein and in the Series A Notes, except with respect to the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture or of the Series A Notes.

Section 5.03 *Counterparts*. This First Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

Section 5.04 *Judgment Currency*. If, for the purpose of obtaining judgment in, or enforcing the judgment of, any court, it becomes necessary to convert a sum due under the Indenture or the Guarantees into Canadian Dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures TD Canada Trust or another nationally recognized bank in Canada could purchase such other currency with Canadian Dollars in the City of Toronto on the Business Day preceding that day on which final judgment is given. The obligations of the Issuer, the Parent and the Subsidiary Guarantors in respect of any sum due from them to any Holders of Series A Notes shall, notwithstanding any judgment in currency other than Canadian Dollars, not be discharged until the first Business Day, following receipt by such Holders of Series A Notes of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Holders of Series A Notes may in accordance with normal banking procedures purchase such other currency with Canadian Dollars.

The Issuer and each Guarantor hereby agree to indemnify the Series A Note Holders against any loss incurred by any of them as a result of any judgment or order being given or made for any sum due under the Indenture or the Guarantees being expressed and paid in the judgment currency and as a result of any variation as between (i) the rate of exchange at which the Canadian Dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the spot rate of exchange in the City of Toronto at which the Issuer or such Guarantor on the date of payment of judgment or order is able to purchase Canadian Dollars with the amount of the judgment currency actually paid by the Issuer or such Guarantor. The foregoing indemnity shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, Canadian Dollars.

Section 5.05 *Successors and Assigns*. All covenants and agreements in this First Supplemental Indenture by the Issuer and each Guarantor shall bind its successors and assigns, whether so expressed or not.

(signature pages follow)

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

MOLSON COORS INTERNATIONAL LP

By: /s/ SAMUEL D. WALKER

Samuel D. Walker
Vice President and Secretary

GUARANTORS:

MOLSON COORS BREWING COMPANY

By: /s/ SAMUEL D. WALKER

Samuel D. Walker
Chief Legal Officer and Secretary

COORS BREWING COMPANY

By: /s/ SAMUEL D. WALKER

Samuel D. Walker
Chief Legal Officer and Secretary

MOLSON CANADA 2005

By: /s/ JAY WELLS

Earl Wells
Chief Financial Officer

By:

CBC HOLDCO, INC.

By: /s/ SAMUEL D. WALKER

Samuel D. Walker
Chief Legal Officer and Secretary

COORS INTERNATIONAL HOLDCO ULC

By: /s/ JAY WELLS

Earl Wells
Chief Financial Officer

MOLSON COORS CALLCO ULC

By: /s/ JAY WELLS

Earl Wells
Chief Financial Officer

MOLSON COORS INTERNATIONAL GENERAL
ULC

By: /s/ JAY WELLS

Earl Wells

Chief Financial Officer

MOLSON COORS CAPITAL FINANCE ULC

By: /s/ JAY WELLS

Earl Wells
Vice President

TRUSTEE:

COMPUTERSHARE TRUST COMPANY OF
CANADA

By: /s/ PATRICIA WAKELIN

Patricia Wakelin
Corporate Trust Officer

By: /s/ KEMI ATAWO

Kemi Atawo
Corporate Trust Officer

APPENDIX
PROVISIONS RELATING TO THE SERIES A NOTES

1.1 Definitions

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Canadian Securities Law" means the applicable securities laws of each province of Canada and the respective regulations, rules, rulings and orders made thereunder and the applicable written policy statements issued by each securities commission or other regulatory authority of each province of Canada, as the same may be modified by discretionary relief therefrom granted by such securities commission or regulatory authority.

"Definitive Security" means a certificated Series A Note bearing the restricted securities legends set forth in this Appendix.

"Depository" means CDS Clearing and Depository Services Inc., its nominees and their respective successors.

"Initial Purchasers" means: (1) with respect to the Series A Notes issued on the Issue Date, Merrill Lynch Canada Inc., TD Securities Inc., BMO Nesbitt Burns Inc. and Deutsche Bank Securities Limited; and (2) with respect to each issuance of Additional Securities, the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Purchase Agreement" means: (1) with respect to the Series A Notes issued on the Issue Date, the Purchase Agreement dated September 30, 2010, among, *inter alia*, the Issuer, the Guarantors and the Initial Purchasers; and (2) with respect to each issuance of Additional Securities, the purchase agreement or underwriting agreement among the Issuer and the Persons purchasing such Additional Securities.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall be the Trustee.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legends set forth in Section 2.3(d).

1.2 Other Definitions

<u>Term:</u>	<u>Defined in Section:</u>
"Agent Members"	2.1(b)
"Regulation S"	2.1(a)
"Restricted Global Security"	2.1(a)

2. THE SERIES A NOTES

2.1 (a) *Form and Dating.* The Series A Notes will be offered and sold by the Issuer, from time to time, pursuant to one or more Purchase Agreements. The Series A Notes will be resold only in reliance on exemptions from the prospectus requirements of applicable Canadian Securities Laws and in reliance on Regulation S under the United States Securities Act of 1933, as amended. ("Regulation S"), in each case, subject to the restrictions on transfer set forth herein. Series A Notes resold as set out above shall be issued in the form of one or more permanent Global Securities in definitive, fully registered form and with the global securities and restricted securities legends set forth in Exhibit A (collectively, the "Restricted Global Security"), which shall be deposited on behalf of the purchasers of the Series A Notes represented thereby with the Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Issuer and authenticated by the Trustee as provided in the Indenture.

(b) *Book-Entry Provisions.* This Section 2.1(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Issuer shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Issuer, the Trustee and any agent of the Issuer or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) *Certificated Series A Notes.* Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Restricted Global Securities shall not be entitled to receive physical delivery of certificated Series A Notes.

2.2 Authentication

The Trustee shall authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of Cdn. \$500,000,000 3.95% Series A Notes due October 6, 2017; and (2) any Additional Securities for an original issue on the date and in an aggregate principal amount specified in writing by the Issuer pursuant to Section 2.02 of the Original Indenture and Section 2.04 of this First Supplemental Indenture in each case upon a written order of the Issuer signed by an Officer. Such order shall specify the amount of the Series A Notes to be authenticated and the date on which any original issue of Series A Notes is to be authenticated.

2.3 Transfer and Exchange

(a) *Transfer and Exchange of Definitive Securities.* When Definitive Securities are presented to the Registrar or a co-registrar with a request by the Holder thereof:

(x) to register the transfer of such Definitive Securities; or

(y) to exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations,

the Registrar or co-registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Securities surrendered for transfer or exchange:

- (i) shall be duly endorsed or accompanied by a written instrument of transfer in a form reasonably satisfactory to the Issuer and the Registrar or co-registrar, duly executed by the Holder thereof or its attorney duly authorized in writing; and
- (ii) if such Definitive Securities are required to bear a restricted securities legend, are being transferred or exchanged pursuant to Section 2.3(b) or pursuant to clause (A) or (B) below, and are accompanied by the following additional information and documents, as applicable:
 - (A) if such Definitive Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, by a certification from such Holder to that effect; or
 - (B) if such Definitive Securities are being transferred to the Issuer, by a certification to that effect.

(b) *Restrictions on Transfer of a Definitive Security for a Beneficial Interest in a Global Security.* A Definitive Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an adjustment on its books and records with respect to such Global Security, such instructions to contain information regarding the Depositary account to be credited with such increase, then the Trustee shall cancel such Definitive Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Securities Custodian, the aggregate principal amount of Series A Notes represented by the Global Security to be increased by the aggregate principal amount of the Definitive Security to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Definitive Security so canceled. If no Global Securities are then outstanding, the Issuer shall issue and the Trustee shall authenticate, upon written order of the Issuer in the form of an Officers' Certificate, a new Global Security in the appropriate principal amount.

(c) *Transfer and Exchange of Global Securities.*

- (i) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depositary therefor. A transferor of a beneficial interest in a Global Security shall deliver to the Registrar a written order given in accordance with the Depositary's procedures containing information regarding the participant account of the Depositary to be credited with a beneficial interest in the Global Security. The Registrar shall, in accordance with such instructions, instruct the Depositary to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.
- (ii) If the proposed transfer is a transfer of a beneficial interest in one Global Security to a beneficial interest in another Global Security, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Security to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Security from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(iv) In the event that a Global Security is exchanged for Definitive Securities pursuant to Section 2.4 of this Appendix, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 and such other procedures as may from time to time be adopted by the Issuer.

(d) **Legends.**

(i) Except as permitted by the following paragraph (ii), each Series A Note certificate evidencing the Restricted Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear legends in substantially the following form:

Regulation S Legend

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

Private Placement Legend

UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE SECURITIES REPRESENTED HEREBY SHALL NOT BE TRADED ON OR BEFORE THE DATE THAT IS FOUR 4 MONTHS AND A DAY AFTER THE LATER OF (I) *[INSERT THE DISTRIBUTION DATE]* AND (II) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY CANADIAN PROVINCE OR TERRITORY.

(ii) Upon a sale or transfer after the date that is four months and a day after the later of: (i) the initial distribution date of a Series A Note; and (ii) the date on which the Issuer became a reporting issuer in any Canadian province or territory, all requirements that such Series A Note bear the Private Placement Legend set forth in Exhibit A hereto shall cease to apply; provided however, that the requirements requiring any Series A Note be issued in global form shall continue to apply.

(e) *Cancellation or Adjustment of Global Security.* At such time as all beneficial interests in a Global Security have either been exchanged for certificated Series A Notes, redeemed, purchased or canceled, such Global Security shall be canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for certificated Series A Notes, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee with respect to such Global Security, by the Trustee, to reflect such reduction.

(f) **Obligations with Respect to Transfers and Exchanges of Series A Notes.**

(i) To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate certificated Series A Notes and Global Securities at the Registrar's or co-registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer

taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06 and 9.04 of the Original Indenture).

- (iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of any Series A Note for a period beginning 15 days before the mailing of a notice of an offer to repurchase or redeem Series A Notes.
- (iv) Prior to the due presentation for registration of transfer of any Series A Note, the Issuer, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Series A Note is overdue, and none of the Issuer, the Trustee, the Paying Agent, the Registrar or any coregistrar shall be affected by notice to the contrary.
- (v) All Series A Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same continuing debt and shall be entitled to the same benefits under this Indenture as the Series A Notes surrendered upon such transfer or exchange.

(g) *No Obligation of the Trustee.*

- (i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in, the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Series A Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Series A Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Series A Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository.
- (ii) The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners. The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Series A Note (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 *Certificated Series A Notes*

- (a) A Restricted Global Security deposited with the Depository or with the Trustee as custodian for the Depository pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of certificated Series A Notes in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.3 and (i) the Depository notifies the Issuer that it is unwilling or unable to continue as Depository for such Restricted Global Security or if at any time such Depository ceases to be a "recognized clearing agency" under applicable laws and a successor depositary is not appointed by the Issuer within 90 days of such notice, or (ii) an Event of Default has occurred and is continuing or (iii) the Issuer, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of certificated Series A Notes under this Indenture.

(b) Any Restricted Global Security that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depositary to the Trustee located at its Corporate Trust Office in the City of Toronto, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Restricted Global Security, an equal aggregate principal amount of certificated Series A Notes of authorized denominations. Any portion of a Restricted Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of Cdn.\$1,000 principal amount and any integral multiple thereof and registered in such names as the Depositary shall direct. Any certificated Series A Note delivered in exchange for an interest in the Global Security shall, except as otherwise provided by Section 2.3(d), bear the restricted securities legends set forth in Exhibit A hereto.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Security shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Series A Notes.

In the event of the occurrence of either of the events specified in Section 2.4(a), the Issuer shall promptly make available to the Trustee a reasonable supply of certificated Series A Notes in definitive, fully registered form without interest coupons.

**EXHIBIT A
to
APPENDIX**

[FORM OF FACE OF SERIES A NOTE]

[Global Securities Legend]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO MOLSON COORS INTERNATIONAL LP (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

[Regulation S Legend]

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT.

[Private Placement Legend]

UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE SECURITIES REPRESENTED HEREBY SHALL NOT BE TRADED ON OR BEFORE THE DATE THAT IS FOUR 4 MONTHS AND A DAY AFTER THE LATER OF (I) */INSERT THE DISTRIBUTION DATE/* AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY CANADIAN PROVINCE OR TERRITORY.

CUSIP No. U60901AA0

ISIN No. CA U60901AA01

No. R-001

Cdn.\$ \$500,000,000

3.95% Series A Notes due October 6, 2017

Molson Coors International LP, a Delaware limited partnership promises to pay to CDS & CO., or registered assigns, the principal sum of up to Cdn.\$500,000,000 on October 6, 2017 as more particularly specified on the Schedule of Increases or Decreases in Global Security, attached hereto.

Interest Payment Dates: April 6 and October 6, commencing April 6, 2011.

Record Dates: April 1 and October 1.

Additional provisions of this Security are set forth below.

Additional provisions of this Security are set forth on the attached "Terms of Notes".

Dated: October 6, 2010

MOLSON COORS INTERNATIONAL LP, by
its General Partner, Molson Coors International
General ULC

By:

Name:

Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

COMPUTERSHARE TRUST COMPANY OF CANADA , as Trustee, certifies that this is one of the Securities referred to in the Indenture.

Date of Certification: October 6, 2010

COMPUTERSHARE TRUST COMPANY
OF CANADA

By:

Authorized Signatory

TERMS OF NOTES
3.95% Series A Note due October 6, 2017

1. Interest

Molson Coors International LP, a Delaware limited partnership (together with its successors and assigns under the Indenture hereinafter referred to, being herein called the "Issuer"), promises to pay interest on the principal amount of this Series A Note at the rate per annum shown above. The Issuer will pay interest, in arrears, in equal semi-annual payments on April 6 and October 6 of each year, commencing April 6, 2011. Interest on the Series A Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance of such Series A Notes. The Issuer will pay interest on overdue principal at the above rate and will pay interest on overdue installments of interest at such rate to the extent lawful. Unless otherwise specifically provided in these terms of the Series A Notes, interest for any period of less than 6 months shall be computed on the basis of a year of 365 days. Whenever interest is computed on a basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year. Payments of the principal of and interest on the Series A Notes shall be made in Canadian Dollars, and the Series A Notes are denominated in Canadian Dollars.

2. Method of Payment

The Issuer will pay interest on the Series A Notes (except defaulted interest) to the Persons who are registered holders of Series A Notes at the close of business on the April 1 or October 1 immediately preceding the Interest Payment Date even if Series A Notes are canceled after the record date and on or before the Interest Payment Date. Holders must surrender Series A Notes to a Paying Agent to collect principal payments. The Issuer will pay principal and interest in money of Canada that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Series A Notes represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by CDS Clearing and Depository Services Inc. The Issuer will make all payments in respect of a certificated Series A Note (including principal, premium, if any, and interest) by mailing a cheque to the registered address of each Holder thereof; provided, however, that payments on a certificated Series A Note will be made by wire transfer to a Canadian Dollar account maintained by the payee with a bank in Canada if such Holder elects payment by wire transfer by giving written notice to the Trustee (as defined below) or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Computershare Trust Company of Canada, a trust company established and existing under the laws of Canada (the "Trustee"), will act as Paying Agent and Registrar. The Issuer may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Issuer, the Parent or any of Parent's Subsidiaries may act as Paying Agent, Registrar or coregistrar.

4. Indenture

The Issuer issued the Series A Notes under an Indenture dated as of October 6, 2010 (as supplemented by the First Supplemental Indenture dated as of October 6, 2010 (the "First **Supplemental** Indenture") by and among the Issuer, the Parent, the Subsidiary Guarantors and the Trustee. The terms of the Series A Notes include those stated in the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Series A Notes are subject to all such terms, and Holders of Series A Notes are referred to the Indenture for a statement of those terms. To the extent the terms of this Series A Note and those of the Indenture may conflict, the Indenture shall control.

The Series A Notes are general unsecured obligations of the Issuer. The Issuer shall be entitled to issue Additional Securities pursuant to Section 2.04 of the First Supplemental Indenture. The Series A Notes issued on the Issue Date and any Additional Securities will be treated as a single Tranche for all purposes under the Indenture. The Indenture contains covenants that limit the ability of the Issuer and its subsidiaries to incur additional secured indebtedness and to enter into sale and leaseback transactions. These covenants are subject to important exceptions and qualifications.

5. *Optional Redemption*

The Series A Notes will be redeemable as a whole at any time or in part from time to time, at the option of the Issuer, at a redemption price equal to the greater of: (i) 100% of the principal amount of such Series A Notes then outstanding; or (ii) the Canada Yield Price; plus, in either case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

Upon the occurrence of a Tax Redemption Event, the Issuer may redeem the Series A Notes at any time, in whole but not in part, at a redemption price equal to the principal amount of the outstanding Series A Notes, plus accrued and unpaid interest on the principal amount of the Series A Notes being redeemed to, but excluding, the redemption date, by delivering to the Trustee at least 30 days, but not more than 60 days, prior to the date fixed for such redemption, a certificate, signed by an authorized Officer, stating that the Issuer is entitled to redeem such Series A Notes pursuant to the Indenture and specifying the date fixed for such redemption.

6. *Notice of Redemption*

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder of Series A Notes to be redeemed at its registered address. Other than with respect to a redemption resulting from the occurrence of a Tax Redemption Event, Series A Notes in denominations larger than Cdn. \$1,000 principal amount may be redeemed in part but only in whole multiples of Cdn. \$1,000. If money sufficient to pay the redemption price of and accrued interest on all Series A Notes (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Series A Notes (or such portions thereof) called for redemption.

7. *Guaranty*

The payment by the Issuer of the principal of, and premium and interest on, the Series A Notes is fully and unconditionally guaranteed on a joint and several senior basis by the Parent and each of the Subsidiary Guarantors.

8. *Denominations; Transfer; Exchange*

The Series A Notes are in registered form without coupons in denominations of Cdn. \$1,000 principal amount and whole multiples of Cdn. \$1,000. A Holder may transfer or exchange Series A Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer or exchange of any Series A Notes selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Series A Notes for a period of 15 days before a selection of Series A Notes to be redeemed.

9. *Persons Deemed Owners*

The registered Holder of this Series A Note may be treated as the legal owner of it for all purposes.

10. *Unclaimed Money*

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuer at its request unless an abandoned property law

designates another Person. After any such payment, Holders entitled to the money must look only to the Issuer or such other Person and not to the Trustee for payment.

11. Discharge and Defeasance

Subject to certain conditions, the Issuer at any time shall be discharged from all of its obligations under the Series A Notes and the Indenture if the Issuer deposits with the Trustee money or Canada Government Obligations for the payment of principal and interest on the Series A Notes to redemption or maturity, as the case may be.

12. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture: (i) the Indenture and the Series A Notes may be amended or supplemented with the written consent of the Holders of at least a majority in principal amount outstanding of the Notes; and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount outstanding of the Series A Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Securityholder, the Issuer, the Guarantors and the Trustee shall be entitled to amend the Indenture or the Series A Notes to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Series A Notes in addition to or in place of certificated Series A Notes, or to add guaranties with respect to the Series A Notes, including the Parent Guaranty and the Subsidiary Guaranties, or to secure the Series A Notes, or to add additional covenants or events of default or to surrender rights and powers conferred on the Issuer or the Guarantors, or to make any change that does not adversely affect the rights of any Security holder, or to add to, change, or eliminate any of the provisions of the Indenture with respect to one or more Series of Securities issued subsequent to such amendment or supplement, or to evidence and provide for the acceptance of appointment by a successor or separate Trustee with respect to the Securities of one or more Series and to add to or change any of the provisions of the Indenture necessary or desirable to provide for or facilitate the administration of the Indenture by more than one Trustee, or to establish the form or terms of Securities and coupons of any Series and to change the procedures for transferring and exchanging Securities of any Series so long as such change does not, subject to applicable law, adversely affect the Securityholders.

13. Defaults and Remedies

Under the Indenture, Events of Default include: (i) default for 30 days in payment of interest on the Securities; (ii) default in payment of principal (or premium, if any) on the Securities when due; (iii) failure by the Issuer or any Guarantor to comply with other covenants in the Indenture or the Securities, in certain cases subject to notice and lapse of time; (iv) the acceleration of certain types of debt of the Parent, the Issuer, the Subsidiary Guarantors or any of the Significant Subsidiaries in a principal amount exceeding U.S.\$50,000,000 as a result of the failure of the Parent, the Issuer, or such subsidiary to perform any covenant or agreement applicable to such debt which acceleration is not rescinded or annulled within a certain time period; and (v) certain events of bankruptcy or insolvency with respect to the Issuer or the Parent Guarantor as set forth in the Indenture. If an Event of Default occurs and is continuing, the Trustee or the Holders of Securities may declare all such Securities to be due and payable immediately as provided for and subject to the terms and provisions of the Indenture.

Securityholders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives indemnity or security satisfactory to it. Subject to certain limitations provided for in the Indenture, Holders of Securities may direct the Trustee in its exercise of any trust or power.

14. Trustees Dealings with the Issuer

Subject to certain limitations imposed by the Securities Act of 1933, as amended, and applicable Canadian corporate laws, the Trustee in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Issuer or its

Affiliates and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not a Trustee.

15. *No Recourse Against Others*

A director, officer, employee or stockholder, as such, of the Issuer or the Trustee shall not have any liability for any obligations of the Issuer under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

16. *Authentication*

This Series A Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication.

17. *Abbreviations*

Customary abbreviations may be used in the name of a Securityholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), and CUST (=custodian).

18. *CUSIP Numbers*

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures the Issuer has caused CUSIP numbers to be printed on the Securities and has directed the Trustees to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

19. *Governing Law*

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Issuer will furnish to any Securityholder upon written request and without charge to the Securityholder a copy of the Indenture. Requests may be made to:

If to the Issuer or any Guarantor:

c/o Molson Coors Brewing Company 1225 17th Street Denver, Colorado 80202
Attention: Chief Legal Officer

if to the Trustee:

Computershare Trust Company of Canada 100 University Avenue 9th Floor,
North Tower Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and postal code)

(Insert assignee's S.I.N. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Date:

Your Signature:

Sign exactly as your name appears above.

Signature Guarantee:

Signature must be guaranteed

Signature

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program.

Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security have been made:

Date of Exchange	Amount of decrease in Principal amount of this Global Security	Amount of increase in Principal amount of this Global Security	Principal amount of the Global Security following such decrease or increase	Signature of authorized officer of Trustee or Securities Custodian
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[EXHIBIT 10.38.2](#)

MOLSON COORS INTERNATIONAL LP, as Issuer and THE GUARANTORS NAMED HEREIN, as Guarantors and COMPUTERSHARE TRUST COMPANY OF CANADA, as Trustee

FIRST SUPPLEMENTAL INDENTURE Dated as of October 6, 2010 to the INDENTURE dated as of October 6, 2010

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3.95% Series A Notes due October 6, 2017

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

TERMS OF NOTES 3.95% Series A Note due October 6, 2017

ASSIGNMENT FORM

[PwC Letterhead]

Board of Directors
of Molson Coors Brewing Company
1225 17th Street, Suite 3200
Denver, CO 80202

February 21, 2011

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to your Form 10-K filing pursuant to Item 601 of Regulation S-K.

We have audited the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 25, 2010 and issued our report thereon dated February 21, 2011. Note 1 to the financial statements describes a change in accounting principle for classification of returnable bottles and pallets from inventory (within current assets) to properties (within non-current assets). It should be understood that the preferability of one acceptable method of accounting over another for classification of returnable bottles and pallets has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-K, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, the adoption of a preferable accounting principle in conformity with FASB Accounting Standards Codification No. 250, *Accounting Changes and Error Corrections* .

Very truly yours,

PricewaterhouseCoopers LLP

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[Exhibit 18](#)

**MOLSON COORS BREWING COMPANY AND SUBSIDIARIES
SUBSIDIARIES OF THE REGISTRANT**

The following table lists our significant subsidiaries and the respective jurisdictions of their organization or incorporation as of December 25, 2010. With the exception of MillerCoors LLC, all subsidiaries are included in our consolidated financial statements.

<u>Name</u>	<u>State/country of organization or incorporation</u>
Coors Brewing Company	Colorado
CBC Holdco, Inc.	Colorado
Coors International Holdco, ULC	Canada
Molson Coors International General, ULC	Canada
Molson Coors International LP	Delaware
Molson Coors Capital Finance ULC	Canada
Molson Coors Callco ULC	Canada
Molson Coors Canada Holdco, ULC	Canada
Molson Coors Canada Inc.	Canada
MC Finance General ULC	Canada
MC Finance LP	Canada
Molson Holdco, ULC	Canada
Molson Inc.	Canada
Molson Canada Company	Canada
Molson Coors Canada	Canada
Molson Coors (UK) Holdings LLP	England
Golden Acquisition	England
Molson Coors Holdings Limited	England
Molson Coors Brewing Company (UK) Limited	England
MC Holding Company LLC	Colorado
MillerCoors LLC(1)	Delaware

(1) Effective, July 1, 2008, Molson Coors Brewing Company and SABMiller plc combined the U.S. and Puerto Rico operations of their respective subsidiaries, Coors Brewing Company and Miller Brewing Company. Each party contributed its business and related operating assets and certain liabilities into an operating joint venture company. The percentage interests in the profits of the joint venture are 58% for SABMiller plc and 42% for Molson Coors Brewing Company. Voting interests are shared 50%-50%, and each investing company will have equal board representation within MillerCoors LLC. Each party to the joint venture has agreed not to transfer its economic or voting interests in the joint venture for a period of five years, and certain rights of first refusal apply to any subsequent assignment of

such interests.

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[MOLSON COORS BREWING COMPANY AND SUBSIDIARIES SUBSIDIARIES OF THE REGISTRANT](#)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-124140, 333-122628, 333-110855, 333-110854, 33-40730, 333-103573, 333-59516, 333-38378 and 33-59979) and Form S-3 (No. 333-120776) and Form S-3ASR (No. 333-143634) of Molson Coors Brewing Company of our report dated February 21, 2011, relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
Denver, CO
February 21, 2011

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[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
February 18, 2011

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[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Peter Swinburn, certify that:

1. I have reviewed this annual report on Form 10-K of Molson Coors Brewing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PETER SWINBURN

Peter Swinburn
President & Chief Executive Officer
(Principal Executive Officer)

February 21, 2011

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[SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER](#)

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stewart Glendinning, certify that:

1. I have reviewed this annual report on Form 10-K of Molson Coors Brewing Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEWART GLENDINNING

Stewart Glendinning
Chief Financial Officer
(Principal Financial Officer)

February 21, 2011

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[SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER](#)

**WRITTEN STATEMENT OF OFFICER
AND CHIEF FINANCIAL OFFICER
FURNISHED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)
AND FOR THE PURPOSE OF COMPLYING WITH RULE 13a-14(b)
OF THE SECURITIES EXCHANGE ACT OF 1934.**

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Molson Coors Brewing Company (the "Company") respectively, each hereby certifies that to his knowledge on the date hereof:

- a) the Annual Report on Form 10-K of the Company for the year ended December 25, 2010 filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- b) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER SWINBURN

Peter Swinburn
*President & Chief Executive Officer
(Principal Executive Officer)*
February 21, 2011

/s/ STEWART GLENDINNING

Stewart Glendinning
*Chief Financial Officer
(Principal Financial Officer)*
February 21, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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WRITTEN STATEMENT OF OFFICER AND CHIEF FINANCIAL OFFICER FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350) AND FOR THE PURPOSE OF COMPLYING WITH RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of MillerCoors LLC:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income (loss), of shareholders' investment and of cash flows present fairly, in all material respects, the financial position of MillerCoors LLC and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for the two years ended December 31, 2010 and 2009 and for the six month period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
February 16, 2011

MillerCoors LLC and Subsidiaries

Consolidated Balance Sheets

(In millions, except shares)

	As of	
	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 46.1	\$ 65.2
Accounts receivable, net of allowance for doubtful accounts of \$0.7 and \$0.8, respectively	233.8	240.0
Due from affiliates	19.9	29.3
Inventories	406.2	422.6
Derivative financial instruments	33.2	7.1
Prepaid assets	76.7	84.2
Total current assets	<u>815.9</u>	<u>848.4</u>
Property, plant and equipment, net	2,388.4	2,281.9
Goodwill	4,345.1	4,345.1
Other intangibles, net	2,104.1	2,122.5
Derivative financial instruments	79.7	88.0
Other assets	54.8	147.6
Total assets	<u><u>\$ 9,788.0</u></u>	<u><u>\$ 9,833.5</u></u>
Liabilities and Shareholders' Investment		
Current liabilities:		
Accounts payable	\$ 213.2	\$ 204.2
Due to affiliates	12.5	20.0
Trade accrued expenses	290.7	287.8
Accrued payroll and related expenses	163.2	131.0
Current portion of postretirement benefits	47.8	46.1
Other current liabilities	192.2	182.9
Derivative financial liabilities	13.3	13.4
Total current liabilities	<u>932.9</u>	<u>885.4</u>
Pension and postretirement benefits	1,138.9	1,134.7
Long-term debt	12.3	32.8
Derivative financial liabilities	12.8	11.3
Other liabilities	109.4	99.6
Total liabilities	<u>2,206.3</u>	<u>2,163.8</u>
Interest attributable to shareholders':		
Capital stock (840,000 Class A shares and 160,000 Class B shares)	—	—
Shareholders' capital	8,367.0	8,331.4
Retained earnings	—	—
Accumulated other comprehensive loss	(815.8)	(689.8)
Total interest attributable to shareholders	<u>7,551.2</u>	<u>7,641.6</u>
Noncontrolling interest	30.5	28.1
Total shareholders' investment	<u>7,581.7</u>	<u>7,669.7</u>
Total liabilities and shareholders' investment	<u><u>\$ 9,788.0</u></u>	<u><u>\$ 9,833.5</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

MillerCoors LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income (Loss)

(In millions)

	For the Year Ended December 31, 2010	For the Year Ended December 31, 2009	For the Six Months Ended December 31, 2008
Sales	\$ 8,817.7	\$ 8,851.6	\$ 4,329.4
Excise taxes	1,247.1	1,277.3	640.0
Net sales	7,570.6	7,574.3	3,689.4
Cost of goods sold	4,686.3	4,720.9	2,326.0
Gross profit	2,884.3	2,853.4	1,363.4
Marketing, general and administrative expenses	1,775.1	1,937.9	1,032.4
Special items	30.3	49.4	103.8
Operating income	1,078.9	866.1	227.2
Other income:			
Interest (expense) income, net	(0.7)	(1.1)	1.1
Other income, net	3.1	2.0	1.8
Total other income	2.4	0.9	2.9
Income before income taxes	1,081.3	867.0	230.1
Income taxes	7.6	8.4	3.3
Net income	1,073.7	858.6	226.8
Net income attributable to noncontrolling interests	16.7	15.8	4.4
Net income attributable to MillerCoors LLC	\$ 1,057.0	\$ 842.8	\$ 222.4
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative instruments	\$ 14.4	\$ 220.3	\$ (189.1)
Pension and other postretirement benefit adjustments	(140.4)	122.2	(482.8)
Other comprehensive (loss) income	(126.0)	342.5	(671.9)
Comprehensive income (loss)	\$ 931.0	\$ 1,185.3	\$ (449.5)

The accompanying notes are an integral part of the consolidated financial statements.

MillerCoors LLC and Subsidiaries
Consolidated Statements of Cash Flows

(In millions)

	<u>For the Year Ended December 31, 2010</u>	<u>For the Year Ended December 31, 2009</u>	<u>For the Six Months Ended December 31, 2008</u>
Cash flows from operating activities:			
Net income	\$ 1,073.7	\$ 858.6	\$ 226.8
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	284.5	291.5	146.5
Share-based compensation	18.9	28.3	2.5
Brand impairment	—	—	65.1
Loss/(gain) on disposal of property, plant and equipment	13.7	11.9	(1.4)
Other	(4.9)	0.8	4.4
Change in assets and liabilities:			
Decrease in accounts receivable	15.6	37.9	237.8
Decrease/(increase) in inventories	16.4	(71.1)	(37.7)
Decrease/(increase) in prepaid assets and other	7.7	112.5	(157.4)
Decrease in payables and accruals	(12.1)	(48.1)	(67.9)
(Increase)/decrease in derivative financial instruments	(2.0)	(5.1)	18.3
(Decrease)/increase in other liabilities	(125.3)	21.2	(62.8)
Net cash provided by operating activities	<u>1,286.2</u>	<u>1,238.4</u>	<u>374.2</u>
Cash flows from investing activities:			
Additions to property, plant and equipment	(289.5)	(399.2)	(155.4)
Proceeds from sales of property, plant and equipment	0.9	0.2	4.5
Additions to intangible assets	(57.5)	(13.9)	(15.3)
Notes receivable repayments	100.0	—	—
Net cash used in investing activities	<u>(246.1)</u>	<u>(412.9)</u>	<u>(166.2)</u>
Cash flows from financing activities:			
Net contributions and distributions to shareholders	(1,040.3)	(797.5)	(325.0)
Payments on debt	(4.6)	(4.8)	(4.5)
Net contributions and distributions to noncontrolling interests	(14.3)	(17.1)	(3.4)
Net cash used in financing activities	<u>(1,059.2)</u>	<u>(819.4)</u>	<u>(332.9)</u>
Cash and cash equivalents:			
Net (decrease)/increase in cash and cash equivalents	(19.1)	6.1	(124.9)
Balance of cash and cash equivalents at beginning of year	65.2	59.1	184.0
Balance of cash and cash equivalents at end of year	<u>\$ 46.1</u>	<u>\$ 65.2</u>	<u>\$ 59.1</u>
Supplemental cash flow information			
Interest paid	\$ 1.7	\$ 2.3	\$ 1.4
Income taxes paid	5.8	5.8	0.8

The accompanying notes are an integral part of the consolidated financial statements.

MillerCoors LLC and Subsidiaries

Consolidated Statements of Shareholders' Investment

(In millions)

	<u>Capital stock</u>	<u>Shareholders' capital</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Noncontrolling interest</u>	<u>Total shareholders' investment</u>
Balance as of July 1, 2008	\$ —	\$ 8,359.3	\$ —	\$ (360.4)	\$ 28.4	\$ 8,027.3
Share-based compensation		2.5				2.5
Other comprehensive loss				(671.9)		(671.9)
Net contributions and distributions		(102.6)	(222.4)		(3.4)	(328.4)
Net income			222.4		4.4	226.8
Balance as of December 31 2008	\$ —	\$ 8,259.2	\$ —	\$ (1,032.3)	\$ 29.4	\$ 7,256.3
Opening balance sheet adjustments		(1.4)				(1.4)
Share-based compensation		28.3				28.3
Other comprehensive income				342.5		342.5
Net contributions and distributions		45.3	(842.8)		(17.1)	(814.6)
Net income			842.8		15.8	858.6
Balance as of December 31 2009	\$ —	\$ 8,331.4	\$ —	\$ (689.8)	\$ 28.1	\$ 7,669.7
Share-based compensation		18.9				18.9
Other comprehensive loss				(126.0)		(126.0)
Net contributions and distributions		16.7	(1,057.0)		(14.3)	(1,054.6)
Net income			1,057.0		16.7	1,073.7
Balance as of December 31 2010	\$ —	\$ 8,367.0	\$ —	\$ (815.8)	\$ 30.5	\$ 7,581.7

The accompanying notes are an integral part of the consolidated financial statements.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Company Description

MillerCoors LLC and subsidiaries ("MillerCoors" or "the Company") brews and sells beer to distributors. Its major brands include Miller Lite, Coors Light, Miller High Life, Keystone, Miller Genuine Draft, and Blue Moon.

MillerCoors is a joint venture combining the U.S. and Puerto Rican operations of SABMiller plc ("SABMiller") and Molson Coors Brewing Company ("Molson Coors") with Miller Brewing Company ("Miller") and Coors Brewing Company ("Coors") being the direct owners of the Company, collectively the "Shareholders". Miller and Coors each have a 50% voting interest in MillerCoors and a 58% and 42% economic interest, respectively. SABMiller and Molson Coors have agreed that all of their U.S. operations will be conducted exclusively through the joint venture. The joint venture commenced on July 1, 2008. MillerCoors opening balances as of July 1, 2008 were based on contributions of assets and liabilities from the Shareholders recognized on a carryover basis. If the company were to dissolve, the Shareholders would receive proceeds pro rata in accordance with their shareholder capital accounts.

Basis of Presentation and Consolidation

The Company's consolidated financial statements include its accounts and its majority-owned and controlled subsidiaries. The consolidated financial statements are presented on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts in the consolidated financial statements and notes thereto have been reclassified to conform to the current year's presentation.

Fiscal Year

The Company's fiscal year ends on December 31.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make certain estimates, judgments and assumptions. The Company believes that the estimates, judgments and assumptions used to determine certain amounts that affect the financial statements are reasonable, based on information available at the time they are made. To the extent there are material differences between these estimates and actual results, the Company's consolidated financial statements may be affected.

Cash and Cash Equivalents

Cash and cash equivalents are all highly liquid temporary investments purchased with an original maturity of less than three months.

Accounts Receivable and Notes Receivable

The Company records accounts and notes receivable at net realizable value. This carrying value includes an appropriate allowance for estimated uncollectible amounts to reflect any loss anticipated on the accounts and notes receivable balances. The Company calculates this allowance based on its history

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

of write-offs, level of past-due accounts based on the contractual terms of the receivables, and its relationships with and the economic status of its customers.

Inventories

Inventories are stated at lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method. The Company regularly assesses the shelf-life of its inventories and reserves for those inventories when it becomes apparent the product will not be sold within its freshness specifications.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over useful lives ranging from 20 to 40 years, limited to the minimum lease term for leasehold improvements. Machinery and equipment are depreciated over useful lives ranging from 3 to 25 years. Containers are depreciated over a useful life of 15 years. The cost and related accumulated depreciation of buildings, equipment, and containers retired, or otherwise disposed of, are removed from the accounts. Any gain or loss is included in earnings. Ordinary repairs and maintenance are expensed as incurred.

Impairment of Long-Lived Assets

The Company reviews property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of property, plant, and equipment is measured by comparing the carrying value to the projected undiscounted cash flows that the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying value of the asset exceeds its fair market value.

Computer Software

The Company capitalizes the costs of obtaining or developing internal-use computer software, including directly related payroll costs. Computer software developed or obtained for internal use is depreciated using the straight-line method over the estimated useful life of the software, ranging from 3 to 8 years. Internally generated costs associated with maintaining computer software programs are expensed as incurred. Computer software is classified in property, plant and equipment in the consolidated balance sheets.

Goodwill and Other Intangible Assets

Finite lived intangible assets are stated at cost less accumulated amortization using a straight-line basis and impairment losses, if any. Cost is determined as the amount paid by the Company, unless the asset has been acquired as part of a business combination. Amortization is included within marketing, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss).

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The Company evaluates the carrying value of its goodwill for impairment at least annually, and the Company evaluates its other intangible assets for impairment when there is evidence that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in the evaluation of goodwill and intangible assets for impairment.

The Company completed the required goodwill impairment testing as of November 30, 2010 and 2009 and determined that there were no impairments.

Fair Value of Financial Instruments

Authoritative guidance for fair value measurements defines fair value, establishes a framework for measuring fair value and expands disclosures about assets and liabilities measured at fair value in the financial statements. See Note 8, "Fair Value Measurements," for disclosures related to financial assets and liabilities and Note 11, "Employee Retirement Plans," for disclosures related to pension assets. Effective January 1, 2009, the Company adopted the provisions of the guidance related to nonfinancial assets and liabilities. The adoption of these provisions did not have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

Derivative Financial Instruments

The Company recognizes all derivative instruments as either assets or liabilities at their estimated fair value in its consolidated balance sheets. The change in a derivative's fair value is recorded each period in current earnings or accumulated other comprehensive income (loss), depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. See Note 8, "Fair Value Measurements," and Note 9, "Hedging Transactions and Derivative Financial Instruments," for disclosure of the Company's derivative instruments and hedging activities.

Share-Based Payments

All share-based payments to qualified individuals, including grants of employee stock options, are recognized as compensation cost in the financial statements based on their grant date fair values for equity-classified awards and based on fair value of the grants at every period end for liability classified awards.

There are certain share-based compensation plans where employees of the Company were granted awards while employed by the Shareholders prior to the formation of the Company. Compensation cost related to these plans is recognized for unvested awards because the employees are earning their share-based compensation while working at the Company. In addition, because the Company is an unconsolidated subsidiary, the holders of the awards are considered "non-employees" and therefore the compensation cost is calculated under variable accounting. The Company recorded \$18.9 million, \$28.3 million and \$2.5 million of compensation costs in marketing, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss) related to these awards for the years ended December 31, 2010, December 31, 2009, and six months ended December 31, 2008, respectively.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership, including the risk of loss due to lost or stolen product, are transferred to the customer, which is at the time of shipment to unaffiliated customers.

The cost of various programs, such as price promotions, rebates and coupon programs are treated as a reduction of sales. Sales of products are for cash or otherwise agreed upon credit terms. Sales are stated net of discounts and returns.

Freight costs billed to customers for shipping and handling are recorded as sales, and shipping and handling expenses are recognized as cost of sales. In accordance with the standards, the amounts billed to a customer for shipping and handling represent revenues earned for the goods provided. The costs incurred for shipping and handling expenses represent costs incurred to move the product. The Company has adopted a policy to include these costs within cost of goods sold.

Excise Taxes

Excise taxes collected from customers and remitted to tax authorities are state and federal excise taxes on beer shipments. Excise taxes on beer shipments are shown in a separate line item in the consolidated statements of operations and comprehensive income (loss) as a reduction of sales. Sales taxes collected from customers are recognized as a liability, with the liability subsequently reduced when the taxes are remitted to the tax authority.

Cost of Goods Sold

The Company's cost of goods sold includes brewing raw materials, packaging materials, manufacturing costs, plant administrative support and overheads, inbound and outbound freight costs, purchasing and receiving costs, inspection costs, warehousing, and internal transfer costs.

Marketing, General and Administrative Expenses

The Company's marketing, general and administrative expenses consist predominately of advertising costs, sales costs and non-manufacturing administrative and overhead costs. The creative portion of the Company's advertising activities is expensed as incurred. Production costs are expensed when the advertising is first run. Advertising expense was \$866.2 million, \$978.4 million and \$540.0 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively. Prepaid advertising costs of \$31.1 million and \$26.4 million were included in prepaid assets in the consolidated balance sheets as of December 31, 2010 and 2009, respectively.

Income Taxes

The Shareholders of the Company have elected to treat the Company as a partnership for U.S. federal and state income tax purposes. Accordingly, the related tax attributes of the Company are passed through to the Shareholders and income taxes are payable by the Shareholders.

These consolidated financial statements include an income tax provision related to state taxes as the Company is still subject to income taxes in certain states or jurisdictions.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

1. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of net income, unrealized gains (losses) on derivative instruments and pension and other postretirement benefit adjustments.

The components of accumulated other comprehensive loss, which are recorded within shareholders' investment, are as follows (in millions):

	December 31, 2010	December 31, 2009
Unrealized gain in derivative instruments	\$ 87.4	\$ 73.0
Pension and other postretirement benefit adjustments	(903.2)	(762.8)
Total accumulated other comprehensive loss	\$ (815.8)	\$ (689.8)

New Accounting Pronouncements

Amendments to FASB Interpretation, Consolidation of Variable Interest Entities

In December 2009, the FASB issued amendments with regards to the consolidation of variable interest entities, which requires an enterprise to determine whether its variable interest or interests give it a controlling financial interest in a variable interest entity. The primary beneficiary of a variable interest entity is the enterprise that has both (1) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance, and (2) the obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. This amendment also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. The guidance became effective for the Company beginning in fiscal year 2010. The implementation of this standard did not have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

New Accounting Pronouncements Not Yet Adopted

In December 2010, the FASB issued authoritative guidance with regards to the evaluation of Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts, which requires an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. Upon adoption of the guidance, an entity with reporting units that have carrying amounts that are zero or negative is required to assess whether it is more likely than not that the reporting units' goodwill is impaired. If the entity determines that it is more likely than not that the goodwill of one or more of its reporting units is impaired, the entity should perform Step 2 of the goodwill impairment test for those reporting units. The guidance will become effective for the Company beginning in fiscal year 2011. The Company does not expect the implementation of this standard to have a material impact on the consolidated financial position, results of operations or cash flows of the Company.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

2. Variable Interest Entities

Once an entity is determined to be a variable interest entity ("VIE"), the party with the controlling financial interest, the primary beneficiary, is required to consolidate it. The Company has investments in VIEs, of which the Company has determined it is the primary beneficiary. These include Rocky Mountain Metal Container and Rocky Mountain Bottle Company. Accordingly, the Company has consolidated these two joint ventures.

Rocky Mountain Metal Container

Rocky Mountain Metal Container ("RMMC"), a Colorado limited liability company, is a joint venture with Ball Corporation in which the Company holds a 50% interest. The Company has a can and end supply agreement with RMMC. Under this agreement, RMMC supplies the Company with substantially all of the can and end requirements for the Golden brewery, as well as portions of the Company's requirements at other breweries. RMMC manufactures these cans and ends at the Company's facilities, which RMMC is operating under a use and license agreement. As RMMC is a limited liability company ("LLC"), the tax consequences flow to the joint venture partners.

Rocky Mountain Bottle Company

Rocky Mountain Bottle Company ("RMBC"), a Colorado limited liability company, is a joint venture with Owens-Brockway Glass Container, Inc. ("Owens") in which the Company holds a 50% interest. RMBC produces glass bottles at the Company's manufacturing facility for use at its brewery locations. Under this agreement, RMBC supplies the Company's bottle requirements, and Owens has a contract to supply the majority of the Company's bottle requirements not met by RMBC. As RMBC is an LLC, the tax consequences flow to the joint venture partners.

3. Special Items

The Company has incurred charges that are not indicative of its core operations. As such, the Company has separately classified these costs as special items.

Special items as reported in the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 consist of (in millions):

	Period ended December 31,		
	2010	2009	2008
Pension curtailment	\$ 14.0	\$ 22.5	\$ —
Restructuring charges	12.1	6.7	27.8
Consulting, relocation and other integration costs	4.2	20.2	10.9
Sparks impairment charge	—	—	65.1
Total	\$ 30.3	\$ 49.4	\$ 103.8

The Company recorded pension curtailment losses of \$14.0 million and \$22.5 million in 2010 and 2009, respectively. The pension curtailment resulted from collective bargaining to cease benefit accruals when labor agreements expire for certain hourly union employees as discussed in Note 11, "Employee Retirement Plans."

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

3. Special Items (Continued)

In the third quarter of 2008, the Company began a restructuring program focused on labor savings across sales and general and administrative functions, as well as on the reduction of overhead expenses. The Company recognized \$12.1 million, \$6.7 million and \$27.8 million of expense for severance related to reduction in workforce and contract termination costs for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively. As of December 31, 2010, employee severance costs are expected to be paid in the next 12 months and are included in the consolidated balance sheets in other current liabilities.

The following summarizes activities relating to restructuring accruals (in millions):

	Severance Costs	Contract Termination Costs	Total Restructuring Costs
Balance as of July 1, 2008	\$ —	\$ —	\$ —
Charges incurred	23.5	4.3	27.8
Payments made	(9.1)	—	(9.1)
Balance as of December 31, 2008	\$ 14.4	\$ 4.3	\$ 18.7
Charges incurred	5.0	1.7	6.7
Payments made	(14.6)	(3.6)	(18.2)
Balance as of December 31, 2009	\$ 4.8	\$ 2.4	\$ 7.2
Charges incurred	10.7	1.4	12.1
Payments made	(11.5)	(1.8)	(13.3)
Balance as of December 31, 2010	<u>\$ 4.0</u>	<u>\$ 2.0</u>	<u>\$ 6.0</u>

Consulting, relocation and other integration costs are mainly comprised of third party consulting costs related to the joint venture formation, relocation costs of employees required to move as a result of joint venture staffing decisions and the formation of the headquarters, and other miscellaneous costs related to the integration of the Company.

In the fourth quarter of 2008, the Company recognized an intangible asset impairment charge of \$65.1 million due to the decision to reformulate the Sparks brand. See Note 6, "Goodwill and Other Intangible Assets," for further discussion.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

4. Inventories

Inventories, net of reserves, consist of the following (in millions):

	December 31, 2010	December 31, 2009
Raw materials	\$ 205.4	\$ 221.3
Work in process	73.5	79.7
Finished goods	76.4	71.5
Spare parts	49.5	48.9
Other inventories	16.6	16.1
Total gross inventories	<u>\$ 421.4</u>	<u>\$ 437.5</u>
Inventory reserves	(15.2)	(14.9)
Total inventories, net	<u>\$ 406.2</u>	<u>\$ 422.6</u>

5. Property, Plant and Equipment

The cost of property, plant and equipment and related accumulated depreciation consists of the following (in millions):

	December 31, 2010	December 31, 2009
Land and improvements	\$ 170.9	\$ 168.7
Buildings and improvements	733.7	729.9
Machinery and equipment	3,309.7	3,170.8
Capitalized software	100.3	99.7
Containers	154.9	140.6
Construction in progress	236.8	118.5
Total property, plant and equipment at cost	\$ 4,706.3	\$ 4,428.2
Less: accumulated depreciation	(2,317.9)	(2,146.3)
Net property, plant and equipment	<u>\$ 2,388.4</u>	<u>\$ 2,281.9</u>

Depreciation of property, plant and equipment was \$208.6 million, \$217.3 million and \$109.5 million for the years ended December 31, 2010, December 31, 2009 and six months ended December 31, 2008, respectively. Included in depreciation, software amortization was \$21.4 million, \$24.1 million and \$17.7 million for the years ended December 31, 2010, December 31, 2009 and six months ended December 31, 2008, respectively.

6. Goodwill and Other Intangible Assets

As of December 31, 2010 and 2009, the carrying value of goodwill was \$4.3 billion and resulted primarily from the Shareholders' acquisition of Miller and Coors prior to the formation of the joint venture. The Company is required to perform goodwill impairment tests on at least an annual basis and more frequently in certain circumstances. The Company completed the required goodwill impairment testing as of November 30, 2010 and 2009. As of the latest impairment testing date, the fair value of goodwill was substantially in excess of its carrying value; as such, there was no impairment.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

6. Goodwill and Other Intangible Assets (Continued)

The following table presents details of the Company's finite lived intangible assets, other than goodwill, as of December 31, 2010 (in millions):

	<u>Useful Life (Years)</u>	<u>Gross</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Intangible assets subject to amortization:				
Brands	8-40	\$ 2,122.1	\$ (185.1)	\$ 1,937.0
Distribution network	29	93.7	(24.8)	68.9
Contract brewing	8	35.0	(35.0)	—
Patents	16	22.0	(11.3)	10.7
Distribution rights	15-29	86.7	(6.1)	80.6
Other	15-39	13.7	(6.8)	6.9
Total		\$ 2,373.2	\$ (269.1)	\$ 2,104.1

The following table presents details of the Company's finite lived intangible assets, other than goodwill, as of December 31, 2009 (in millions):

	<u>Useful Life (Years)</u>	<u>Gross</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Intangible assets subject to amortization:				
Brands	8-40	\$ 2,122.1	\$ (122.0)	\$ 2,000.1
Distribution network	29	93.7	(21.6)	72.1
Contract brewing	8	35.0	(31.5)	3.5
Patents	16	22.0	(9.9)	12.1
Distribution rights	15-20	29.2	(1.8)	27.4
Other	15-39	13.7	(6.4)	7.3
Total		\$ 2,315.7	\$ (193.2)	\$ 2,122.5

In January 2010, the Company acquired the distribution rights of Western Beverage Distributing of Colorado for \$57.5 million. The distribution area is consistent with the Company's current coverage of the major metropolitan Denver area. These rights are included within distribution rights in the table above.

In May 2009, the Company acquired the distribution rights for New Belgium Brewing Company for \$13.9 million. The distribution area is consistent with the Company's current coverage of the major metropolitan Denver area. These rights are included within distribution rights in the table above.

As a result of the Company's decision in 2008 to cease the production and distribution of the Sparks product, and reformulate it, the Company concluded that this change was a triggering event that would require an impairment test to be performed on the Sparks brand. In December 2008, the Company decided to shorten the life of the Sparks brand to 8 years from 15 years and the Company's estimated gross cash flows were less than the carrying value of the brand. As such, the Company prepared a discounted cash flow analysis using weighted probabilities on a worst case, base case and best case scenarios. This analysis estimated a fair value of approximately \$95.2 million and the Company recorded a \$65.1 million impairment charge to the brand's intangible asset in the fourth

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

6. Goodwill and Other Intangible Assets (Continued)

quarter of 2008 which is included in special items within the consolidated statements of operations and comprehensive income (loss).

The estimated future amortization expense for intangible assets is as follows (in millions):

<u>Years ending December 31</u>	
2011	\$ 72.4
2012	72.4
2013	72.4
2014	72.4
2015	72.4

Amortization expense of intangible assets was \$ 75.9 million, \$74.2 million and \$37.0 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively.

7. Capital Stock

The capital stock in the Company is divided between Class A (840,000 shares issued and authorized) and Class B (160,000 shares issued and authorized). The Class A shares have voting rights and the Class B shares have no voting rights. The Shareholders are not personally obligated for the debts and obligations of the Company. Capital stock as of December 31, 2010 and December 31, 2009 is as follows:

	<u>Number of Shares</u>
Class A	
Miller (par value \$.01, per share)	420,000
Coors (par value \$.01, per share)	420,000
	<u>840,000</u>
Class B	
Miller (par value \$.01, per share)	<u>160,000</u>

8. Fair Value Measurements

The tables below summarize the Company's assets and liabilities that were measured at fair value as of December 31, 2010 and 2009. Derivative assets and liabilities are financial instruments measured at fair value on a recurring basis, and the guidance on fair value measurements and disclosures have been applied to these balances accordingly. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies."

The authoritative guidance for fair value establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The Company utilizes a combination of market and income approaches to value derivative instruments. The Company's financial assets and liabilities are measured

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

8. Fair Value Measurements (Continued)

using inputs from the three levels of the fair value hierarchy. The three levels of the hierarchy are as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or
	Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or
	Inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

The following tables present information about the Company's derivative assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009 (in millions):

	Total Carrying Value at December 31, 2010	Fair Value Measurements at December 31, 2010		
		Level 1	Level 2	Level 3
Commodity Derivative Assets	\$ 112.9	\$ —	\$ 112.9	\$ —
Commodity Derivative Liabilities	(26.1)	(19.7)	(6.4)	—
Total	\$ 86.8	\$ (19.7)	\$ 106.5	\$ —

	Total Carrying Value at December 31, 2009	Fair Value Measurements at December 31, 2009		
		Level 1	Level 2	Level 3
Commodity Derivative Assets	\$ 95.1	\$ —	\$ 95.1	\$ —
Commodity Derivative Liabilities	(24.7)	(18.7)	(6.0)	—
Total	\$ 70.4	\$ (18.7)	\$ 89.1	\$ —

The Company endeavors to utilize the best available information in measuring fair value. The commodity derivative assets and liabilities are valued using the listed markets, if market data for identical commodity contracts exist or a combination of listed markets and published prices, if market data for similar commodity contracts exists. As such, these derivative instruments are classified within Level 1 or Level 2, as appropriate.

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable and current accrued liabilities approximate fair value as recorded due to the short-term maturity of these instruments. The Company considers all highly liquid temporary investments with an original maturity of less than three months when purchased to be cash equivalents. Assuming current market rates for similar instruments and adjusted for non-performance risk, the carrying value of long-term debt approximates the fair value as of December 31, 2010. As of December 31, 2009 the carrying value of long-term debt exceeded the fair value by approximately \$0.1 million.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

9. Hedging Transactions and Derivative Financial Instruments

Overview and Risk Management Policies

In the normal course of business, the Company is exposed to fluctuations of commodity prices. These exposures relate to the acquisition of production and packaging materials. The Company has established policies and procedures that govern the strategic management of these exposures through the use of a variety of financial instruments. By policy, the Company does not enter into such contracts for trading purposes or for the purpose of speculation.

The Company's objective in managing its exposure to fluctuations in commodity prices is to reduce the volatility in its cash flows and earnings caused by unexpected adverse fluctuations in the commodity markets. To achieve this objective, the Company enters into futures contracts, swaps and purchased option collars. In general, maturity dates of the contracts coincide with market purchases of the commodity. As of December 31, 2010, the Company had financial commodity swap and futures contracts in place to hedge certain future expected purchases of aluminum can sheet, aluminum cans, natural gas, and electricity. The Company also hedges the diesel fuel surcharge exposure that it subsidizes for its distributors. These contracts are either marked-to-market, with changes in fair value recognized in cost of goods sold, or have been designated as cash flow hedges of forecasted purchases, and recognized in other comprehensive income (loss). The maturities of the Company's derivative instruments range from several months to four years. The following are notional transaction amounts for the Company's outstanding derivatives as of December 31, 2010 and December 31, 2009, summarized by instrument type:

Commodity Type	Notional Value as of December 31, 2010	Notional Value as of December 31, 2009
Swaps	\$ 464.5	\$ 529.1
Exchange Traded Futures Contracts	48.0	72.5
Total	\$ 512.5	\$ 601.6

The Company also enters into physical hedging agreements directly with its suppliers as a part of its risk management strategy. The Company has concluded that some of these contracts are derivatives and has elected the 'Normal Purchase Normal Sales' exemption on certain of these physical hedging derivative contracts. As a result, these contracts do not need to be recorded on the consolidated balance sheets. For contracts which the Company elected the 'Normal Purchase Normal Sales' scope exception, it appropriately documented the basis of the conclusion. The Company also considers whether any provisions in its contracts represent "embedded" derivative instruments as defined in the accounting standards. As of December 31, 2010, the Company has concluded that no "embedded" derivative instruments warrant separate fair value accounting.

Counterparty Risk and Collateral

Counterparty default risk is considered low because the types of derivatives that the Company enters into are either highly liquid exchange-traded instruments with frequent margin posting requirements or over-the-counter instruments transacted with highly rated financial institutions. Moreover, bilateral collateral posting arrangements are in place with the Company's counterparties, including some suppliers, which require posting of collateral if the fair values of its positions exceed

Notes to Consolidated Financial Statements (Continued)

9. Hedging Transactions and Derivative Financial Instruments (Continued)

certain thresholds. These agreements call for the posting of collateral in the form of cash if a fair value loss position to the Company's counterparties or the Company exceeds a certain amount.

The Company has elected to present its cash collateral utilizing a gross presentation, in which cash collateral amounts held or provided are not netted against the fair value of outstanding derivative instruments. As of December 31, 2010, the Company posted \$23.3 million in collateral with its counterparties, which is classified as prepaid assets and other assets in the consolidated balance sheets. The entire amount of collateral outstanding is associated with derivative contracts. As of December 31, 2009, the Company posted \$39.3 million in collateral with its counterparties, which is classified as prepaid assets and other assets in the consolidated balance sheets. Of this amount, \$25.1 million was associated with derivative contracts and \$14.2 million was associated with supply agreements whose out of the money positions were not reflected in the consolidated balance sheets.

Hedge Accounting Policies and Presentation

The majority of all derivatives entered into by the Company qualify for and are designated as cash flow hedges.

All derivatives are recognized on the consolidated balance sheets at their fair value. See discussion regarding fair value measurements in Note 8, "Fair Value Measurements." The effective portion of changes in the fair value of commodity derivative instruments qualifying as cash flow hedges are reported in other comprehensive income (loss) and are subsequently reclassified into earnings when the forecasted transaction affects earnings. Gains and losses from the ineffective portion or the excluded component of any hedge are recognized in the income statement immediately. The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking hedge transactions as required by the standards. The Company formally assesses both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not, or has ceased to be, highly effective as a hedge, the Company discontinues hedge accounting prospectively. When the Company discontinues hedge accounting prospectively, but it continues to be probable that the forecasted transaction will occur, the existing gain or loss on the derivative remains in accumulated other comprehensive income (loss) and is reclassified into earnings when the original forecasted transaction affects earnings. In a situation where it becomes probable that a hedged forecasted transaction will not occur, any gains and/or losses that have been recorded to accumulated other comprehensive income (loss) would be required to be immediately reclassified into earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair value on the consolidated balance sheets until maturity, recognizing future changes in the fair value in current period earnings.

The Company records realized gains and losses from commodity derivative instruments to the same financial statement line item as the hedged item/forecasted transaction. Changes in unrealized gains and losses for derivatives not designated as a cash flow hedge are recorded directly in earnings each period and are recorded to the same financial statement line item as the associated realized (cash settled) gains and losses.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

9. Hedging Transactions and Derivative Financial Instruments (Continued)

Results of Derivative Activities

The following tables present the location of all assets and liabilities associated with the Company's hedging instruments within the consolidated balance sheets as of December 31, 2010 and December 31, 2009 (in millions):

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value at 12/31/10	Balance Sheet Location	Fair Value at 12/31/10
Derivatives designated as hedging instruments:				
Commodity Contracts	Derivative Financial Instruments—Current	\$ 33.0	Derivative Financial Liabilities—Current	\$ (12.1)
	Derivative Financial Instruments—Long term	79.7	Derivative Financial Liabilities—Long term	(12.2)
Total derivatives designated as hedging instruments		\$ 112.7		\$ (24.3)
Derivatives not designated as hedging instruments:				
Commodity Contracts	Derivative Financial Instruments—Current	\$ 0.2	Derivative Financial Liabilities—Current	\$ (1.2)
	Derivative Financial Instruments—Long term	—	Derivative Financial Liabilities—Long term	(0.6)
Total derivatives not designated as hedging instruments		\$ 0.2		\$ (1.8)
Total Derivatives		\$ 112.9		\$ (26.1)

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

9. Hedging Transactions and Derivative Financial Instruments (Continued)

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value at 12/31/09	Balance Sheet Location	Fair Value at 12/31/09
Derivatives designated as hedging instruments:				
Commodity Contracts	Derivative Financial Instruments—Current	\$ 6.9	Derivative Financial Liabilities—Current	\$ (13.4)
	Derivative Financial Instruments—Long term	88.0	Derivative Financial Liabilities—Long term	(11.3)
Total derivatives designated as hedging instruments		\$ 94.9		\$ (24.7)
Derivatives not designated as hedging instruments:				
Commodity Contracts	Derivative Financial Instruments—Current	\$ 0.2	Derivative Financial Liabilities—Current	\$ —
Total derivatives not designated as hedging instruments		\$ 0.2		\$ —
Total Derivatives		\$ 95.1		\$ (24.7)

The following tables present the impact of derivative instruments and their location within the consolidated statements of operations and comprehensive income (loss) for the years ended December 31, 2010 and December 31, 2009 (in millions). Amounts are presented gross of tax.

	For the year ended December 31, 2010				
	Amount of Net Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Net Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Net Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Net Gain (Loss) Reclassified from	Amount of Net Gain (Loss) Reclassified from
				AOCI into Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Derivatives in Cash Flow Hedging Relationships:					
Commodity Contracts	\$ (1.0)	Cost of Goods Sold	\$ (15.4)	Cost of Goods Sold	\$ 0.1
Total	\$ (1.0)		\$ (15.4)		\$ 0.1

	For the year ended December 31, 2009				
	Amount of Net Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Net Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Net Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Net Gain (Loss) Reclassified from	Amount of Net Gain (Loss) Reclassified from
				AOCI into Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Derivatives in Cash Flow Hedging Relationships:					
Commodity Contracts	\$ 139.5	Cost of Goods Sold	\$ (80.8)	Cost of Goods Sold	\$ (4.6)

Total	\$ <u><u>139.5</u></u>	\$ <u><u>(80.8)</u></u>	\$ <u><u>(4.6)</u></u>
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MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

9. Hedging Transactions and Derivative Financial Instruments (Continued)

	Location of Net Gain (Loss) Recognized in Income on Derivative	For the year ended December 31, 2010	For the year ended December 31, 2009
		Amount of Net Gain (Loss) Recognized in Income on Derivative	Amount of Net Gain (Loss) Recognized in Income on Derivative
Derivatives not in Hedging Relationship:			
Commodity Contracts	Cost of Goods Sold	\$ 1.9	\$ (0.6)
Total		\$ 1.9	\$ (0.6)

Included in the Company's total net unrealized gains from commodity cash flow hedges as of December 31, 2010, are approximately \$21.9 million in unrealized net losses that are expected to be reclassified into earnings within the next calendar year.

10. Other Current Liabilities

Other current liabilities consist of (in millions):

	December 31, 2010	December 31, 2009
Accrued excise and non-income related taxes	\$ 72.9	\$ 82.0
Customer deposits on containers	61.3	60.2
Insurance	13.3	13.5
Current portion of long-term debt	20.5	4.6
Other	24.2	22.6
Other current liabilities	\$ 192.2	\$ 182.9

11. Employee Retirement Plans

Defined Benefit Plans

The Company offers defined benefit plans that cover salaried non-union, hourly non-union and union employees while maintaining separate benefit structures across the various employee groups. Benefit accruals for the majority of salaried non-union employees have been frozen and the plans are closed to new entrants.

Benefits for eligible hourly non-union employees are generally based on pay and service. Benefit accruals for hourly union employees are the subject of collective bargaining and are based on a flat rate per year of service. Through the collective bargaining process, agreement has been reached to cease benefit accruals and the plans are closed to new entrants.

The actuarial method used is the unit credit method.

Total defined benefit plan expense for the years ended December 31, 2010, December 31, 2009 and six months ended December 31, 2008 was \$86.2 million, \$95.7 million and \$12.9 million, respectively.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

The changes in the projected benefit obligation, plan assets and the funded status of the pension plans are as follows (in millions):

	December 31, 2010	December 31, 2009
Actuarial present value of accumulated benefit obligation	<u><u>\$ 2,392.0</u></u>	<u><u>\$ 2,206.1</u></u>
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	\$ 2,232.4	\$ 2,087.2
Service cost	17.7	17.1
Plan amendments	3.9	5.9
Interest cost	122.2	126.1
Actuarial loss	202.4	134.8
Curtailment loss	—	1.5
Benefits paid	(144.3)	(140.2)
Projected benefit obligation, end of year	<u><u>\$ 2,434.3</u></u>	<u><u>\$ 2,232.4</u></u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 1,682.0	\$ 1,498.2
Actual return on plan assets	179.3	210.7
Employer contributions	220.5	117.2
Administrative expenses	(8.8)	(3.9)
Benefits paid	(144.3)	(140.2)
Fair value of plan assets, end of year	<u><u>\$ 1,928.7</u></u>	<u><u>\$ 1,682.0</u></u>
Funded status at end of year:		
Projected benefit obligation	\$ (2,434.3)	\$ (2,232.4)
Fair value of plan assets	1,928.7	1,682.0
Funded status—underfunded	<u><u>\$ (505.6)</u></u>	<u><u>\$ (550.4)</u></u>
Amounts recognized in the consolidated balance sheets:		
Current liabilities	\$ (2.6)	\$ (2.4)
Noncurrent liabilities	(503.0)	(548.0)
Total	<u><u>\$ (505.6)</u></u>	<u><u>\$ (550.4)</u></u>
Amounts included in accumulated other comprehensive loss:		
Net actuarial loss	\$ 856.0	\$ 755.2
Prior service (credit)/cost	(2.1)	9.2
Total	<u><u>\$ 853.9</u></u>	<u><u>\$ 764.4</u></u>

The estimated prior service credit and net actuarial loss for defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are (\$0.2) million and \$61.6 million, respectively.

The Company maintains two trusts, one for participants formerly employed by Coors (the "Coors Trust") and one for participants formerly employed by Miller (the "Miller Trust"). The assets of these plans are invested in a similar fashion using an overall risk management framework to minimize the

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

impact of interest rate changes on the plans' funded status. Following is a comparison of target asset allocation percentages to actual asset allocation percentages as of December 31, 2010 and December 31, 2009:

	As of December 31, 2010				As of December 31, 2009			
	Coors Trust		Miller Trust		Coors Trust		Miller Trust	
	Target Allocation	Actual Allocation	Target Allocation	Actual Allocation	Target Allocation	Actual Allocation	Target Allocation	Actual Allocation
Equity Securities	27%	29%	18%	17%	46%	51%	60%	63%
Fixed Income Securities								
1	67%	66%	80%	80%	45%	43%	35%	34%
Real Estate	6%	5%	2%	3%	9%	6%	5%	3%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

¹ Includes Cash held in Short Term Investment Funds

The Company manages plan assets utilizing a Liability Driven Investment ("LDI") approach, meaning that assets are managed within a risk management framework which addresses the need to generate incremental returns in the context of an appropriate level of risk, based on plan liability profiles and changes in funded status. The approach to pension risk management allocates assets in a manner that balances the generation of incremental returns with the management of overall risk.

A portion of plan assets is allocated to a growth, or return seeking, portfolio invested in a diversified pool of assets including equity securities, fixed income securities and real estate investment funds, in order to generate an incremental return relative to a risk free rate within an acceptable level of overall risk. Additionally, a portion of plan assets is allocated to an interest rate hedging portfolio comprised of fixed income securities and derivative overlay positions designed to offset changes in the value of pension liabilities to mitigate funded status volatility resulting from changes in interest rates. Finally, a portion of plan assets is allocated to a liquidity portfolio of cash and cash equivalents designed to meet short-term liquidity needs, reduce overall risk and provide collateral for derivative positions. Allocations between the return seeking portfolio, the immunizing portfolio and the liquidity portfolio are determined based on the estimated Pension Protection Act ("PPA") funded status with specific allocations for various ranges of funded status prescribed within the formal Investment Policy Statement.

Equity securities primarily include investments in commingled equity funds (common & collective trusts), large and small cap domestic equities, and international equities including emerging markets. Fixed income securities include corporate bonds, collateralized obligations and mortgage backed securities, government bonds, government collateralized obligations, U.S. government agency securities, and municipal and provincial bonds and notes. Fixed income securities also include interest rate derivatives such as interest rate futures, options and swaps as well as credit default swaps intended to hedge interest rate risk. Real estate holdings through real estate funds comprise a small portion of plan investments.

MillerCoors LLC and Subsidiaries**Notes to Consolidated Financial Statements (Continued)****11. Employee Retirement Plans (Continued)**

The more significant commingled fund holdings within each portfolio as of December 31, 2010 include the following:

Manager	Fund Name	Sector	% of Total Portfolio	
			Coors	Miller
SSgA	Russell 1000 IndexFund	Lg Cap Equities	12%	8%
Capital Guardian	Int'l Equity Fund	EAFFE Equities	7%	n/a
SSgA	MSCI EAFE IndexFund	EAFFE Equities	4%	3%
Prudential	US Long Duration Corp Bond Fund	Long Dura Fixed Inc	n/a	12%
Wellington	JPM PAG EM Debt Fund	EM Debt	3%	2%
	Portfolio Collective Investment Fund			

n/a indicates manager/fund has not been hired/funded by Plan

The Company has established prudent and specific investment guidelines, hired investment managers to manage plan assets after careful consideration of the management firm's structure, investment process, research capabilities, and performance relative to peers, and believes that no significant concentrations of risk exist with any given investment manager or within any single category of assets.

Investment return assumptions for all plans have been determined by applying projected capital market return assumptions obtained from the Company's investment advisor, to plan assets on a weighted average basis, adding an active management premium where appropriate, and considering investment manager fees.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Fair Value of Plan Assets

Fair values of the Company's plan assets as of December 31, 2010 and December 31, 2009 are outlined below.

Coors Trust—Fair Value Measurements as of December 31, 2010 (in millions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash—Non-Interest Bearing	\$ 0.1			\$ 0.1
Receivables				
Due for Securities Sold	\$ 17.0			\$ 17.0
Due for Derivatives	0.3			0.3
Accrued Income	6.3			6.3
Total Receivables	\$ 23.6	\$ —	\$ —	\$ 23.6
Investments				
Cash—Interest Bearing	\$ 2.9			\$ 2.9
Cash Collateral Held Elsewhere			0.2	0.2
Commingled Funds/Common/Collective Trusts				
Bond Funds	46.2			46.2
Equity Funds	105.4			105.4
Equity Funds—International	122.0			122.0
Real Estate		48.8		48.8
Short Term Investment Funds	16.5			16.5
Common Stock				
Common Stock Excluding Depository Receipts	30.5			30.5
Common Stock—Depository Receipts	0.7			0.7
Fixed Income Securities				
Corporate Bonds	295.1			295.1
Derivatives—Credit Default Swaps	—			—
Derivatives—Interest Rate Forwards	60.1			60.1
Derivatives—Interest Rate Options	—			—
Derivatives—Interest Rate Swaps	0.1	18.8		18.9
Government Agencies	20.9			20.9
Government Bonds	143.2			143.2
Government Collateralized Obligations & MBS	23.0			23.0
Municipal & Provincial Bonds	25.5			25.5
Non-Gov't Backed Collateralized Obligations & MBS	8.6			8.6
Total Investments	\$ 34.1	\$ 866.6	\$ 67.8	\$ 968.5
Liabilities				
Due for Derivative Contracts	\$ (0.4)	\$ (11.7)		\$ (12.1)
Due for Securities Purchased	(83.0)			\$ (83.0)
Total Liabilities	\$ (83.4)	\$ (11.7)	\$ —	\$ (95.1)
Net Assets Available for Benefits	\$ (25.6)	\$ 854.9	\$ 67.8	\$ 897.1

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Coors Trust—Fair Value Measurements as of December 31, 2009 (in millions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash—Non-Interest Bearing	\$ —	\$ —	\$ —	\$ —
Receivables				
Due for Securities Sold	\$ 9.7			\$ 9.7
Accrued Income	5.6			5.6
Total Receivables	\$ 15.3	\$ —	\$ —	\$ 15.3
Investments				
Cash—Interest Bearing	\$ 1.5			\$ 1.5
Cash Collateral Related to Derivatives		27.2		27.2
Commingled Funds/Common/Collective Trusts				
Equity Funds	155.4			155.4
Equity Funds—International	158.6			158.6
Short Term Investment Funds	4.3			4.3
Common Stock				
Common Stock Excluding Depository Receipts	79.3			79.3
Common Stock—Depository Receipts	1.3			1.3
Fixed Income Securities				
Corporate Bonds	241.4			241.4
Derivatives—Interest Rate Swaps	2.8	8.1		10.9
Government Agencies	58.8			58.8
Government Bonds	101.1			101.1
Municipal & Provincial Bonds	13.0			13.0
Non-Gov't Backed Collateralized Obligations & MBS	3.1	5.7		8.8
Real Estate		47.3		47.3
Collateral Related to Securities Lending	70.4			70.4
Total Investments	\$ 82.1	\$ 808.9	\$ 88.3	\$ 979.3
Liabilities				
Due for Derivative Contracts	\$ (26.2)			\$ (26.2)
Due for Securities Purchased	(102.8)	(0.1)		(102.9)
Collateral Held on Derivatives Contracts		(11.1)		(11.1)
Collateral Related to Securities Lending	(70.4)			(70.4)
Total Liabilities	\$ (102.8)	\$ (96.6)	\$ (11.2)	\$ (210.6)
Net Assets Available for Benefits	\$ (5.4)	\$ 712.3	\$ 77.1	\$ 784.0

Coors Trust—Significant Movements Into / Out of Level 1 and 2 Assets:

The Coors Trust has experienced a small movement out of Level 1 assets and into Level 2 assets due to a refinement of its LDI approach to managing assets. Specifically, allocations to Level 1 equities have been redistributed to Level 2 commingled fund and fixed income securities within the growth, or return seeking, portfolio.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Coors Trust—Change in Value of Level 3 Assets (in millions):

Investment Category	Transfers			Additional			Change in			Transfers		
	In/(Out)	Purchases	Sales	Security	Change in	UGL	Adj	Due to	Realized	In/(Out)	End of	Ending
	Beginning	Beginning	and Other	Related Items	Unrealized Gain/Loss	UGL Movement	Adj	Transfer	Gain/Loss	Period	Balance	
Cash Collateral Held Elsewhere	\$ 27.2	\$ 1.3	\$ 12.8	\$ (41.0)	—	—	—	—	—	—	—	0.3
Derivatives—IR Swaps	8.1	—	5.8	(19.7)	—	10.7	13.9	—	—	—	—	18.8
Non-Gov't Backed CMOs & MBS	5.7	—	—	(4.7)	—	2.3	0.1	(0.1)	(1.7)	(1.6)	—	—
Real Estate	47.3	—	—	(0.6)	1.2	0.9	—	—	(0.1)	—	—	48.7
Due for Derivative Contracts	(11.1)	—	—	11.1	—	—	—	—	—	—	—	—
Due for Securities Purchased	(0.1)	—	—	0.1	—	—	—	—	—	—	—	—
Total	\$ 77.1	\$ 1.3	\$ 18.6	\$ (54.8)	\$ 1.2	\$ 13.9	\$ 14.0	\$ (0.1)	\$ (1.8)	\$ (1.6)	\$ 67.8	

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Miller Trust—Fair Value Measurements as of December 31, 2010 (in millions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash—Non-Interest Bearing	\$ 0.6			\$ 0.6
Receivables	\$ —			\$ —
Investments				
Commingled Funds/Common/Collective Trusts				
Bond Funds	\$ 166.7			\$ 166.7
Equity Funds	79.1			79.1
Equity Funds—International	72.9			72.9
Real Estate		29.1		29.1
Short Term Investment Funds	86.4			86.4
Common Stock				
Common Stock Excluding Depository Receipts	22.8			22.8
Common Stock—Depository Receipts	0.2			0.2
Fixed Income Securities				
Corporate Bonds	319.0			319.0
Derivatives—Credit Default Swaps	0.1			0.1
Derivatives—Interest Rate Swaps	0.3	95.0	47.7	143.0
Government Agencies		24.4		24.4
Government Bonds	171.2			171.2
Municipal & Provincial Bonds	20.1			20.1
Non-Gov't Backed Collateralized Obligations &				
MBS	9.1			9.1
Other	0.7			0.7
Other				
Mutual Funds	32.2			32.2
Repurchase Agreements	1.0			1.0
Total Investments	\$ 55.5	\$ 1,045.7	\$ 76.8	\$ 1,178.0
Liabilities				
Due for Derivative Contracts	\$ (98.0)	\$ (49.0)	\$ (147.0)	
Total Liabilities	\$ —	\$ (98.0)	\$ (49.0)	\$ (147.0)
Net Assets Available for Benefits	\$ 56.1	\$ 947.7	\$ 27.8	\$ 1,031.6

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Miller Trust—Fair Value Measurements as of December 31, 2009 (in millions):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash—Non-Interest Bearing	\$ —			\$ 0.0
Receivables				
Due for Securities Sold	\$ 3.0			\$ 3.0
Accrued Income	4.6			4.6
Total Receivables	\$ 7.6	\$ —	\$ —	\$ 7.6
Investments				
Commingled Funds/Common/Collective Trusts				
Equity Funds	\$ 418.9			\$ 418.9
Equity Funds—International		137.4		137.4
Real Estate			28.9	28.9
Short Term Investment Funds		2.8		2.8
Fixed Income Securities				
Corporate Bonds		260.4		260.4
Derivatives—Credit Default Swaps		7.9		7.9
Derivatives—Interest Rate Futures	86.6			86.6
Government Bonds		11.1		11.1
Municipal & Provincial Bonds		9.9		9.9
Non-Gov't Backed Collateralized Obligations & MBS		1.1	0.4	1.5
Other				
Mutual Funds		20.6		20.6
Total Investments	\$ 107.2	\$ 849.5	\$ 29.3	\$ 986.0
Liabilities				
Due for Derivative Contracts	\$ (87.5)	\$ (8.1)	\$ —	\$ (95.6)
Total Liabilities	\$ (87.5)	\$ (8.1)	\$ —	\$ (95.6)
Net Assets Available for Benefits	\$ 27.3	\$ 841.4	\$ 29.3	\$ 898.0

Miller Trust—Significant Movements Into / Out of Level 1 and 2 Assets:

During 2010, the Miller Trust employed a LDI strategy similar to that previously employed for the Coors Trust. As a result, allocations to Level 1 equities have been redistributed to Level 2 commingled fund and fixed income securities within the growth, or return seeking, portfolio.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Miller Trust—Change in Value of Level 3 Assets (in millions):

Investment Category	Transfers			Additional Security Related Items	Change in Unrealized Gain/Loss	UGL Adj Due to Transfer	Transfers		
	In/(Out) Beginning	Purchases and Other Beginning	Sales and Other				In/(Out) End of Period	Realized Gain/Loss	Ending Balance
	Balance	of Period	Acquisitions	Settlements	In/Out	Period			
Derivatives—IR Swaps	\$ —	\$ —	\$ 49.0	\$ —	\$ —	(1.3)	\$ —	\$ —	\$ 47.7
Non-Gov't Backed CMO's & MBS	0.4	—	—	(0.4)	—	—	—	0.1	0.1
Real Estate	28.9	—	0.1	—	—	—	—	—	29.0
Due for Derivative Contracts	—	—	—	(49.0)	—	—	—	—	(49.0)
Total	\$ 29.3	\$ —	\$ 49.1	\$ (49.4)	\$ —	(1.3)	\$ —	\$ 0.1	\$ 27.8

Valuation Techniques

Detailed below are the valuation techniques used to determine the fair value of the various types of plan investments:

- Cash (Level 1)—Includes interest and non-interest bearing. Valued at cost.
- Common Stock including Depository Receipts (Level 1)—Valued using the official close, last trade, bid, or ask price (all readily observable inputs) reported on the active market or exchange on which the individual securities are traded.
- Fixed Income—Derivatives—Futures (Level 1)—Valued using exchange traded quotes that are readily observable in the market.
- Mutual Funds (Level 1)—Mutual funds are investment companies registered under the Investment Company Act of 1940 that pool the capital of many investors. They are valued using the official close, last trade, bid, or ask price (all readily observable inputs) reported on the active market or exchange on which the funds are traded.
- Certificates of Deposit (Level 2)—Priced using spreads off various interest rate curves (e.g., LIBOR, government) obtained from dealer quotes and therefore are indirectly observable.
- Commingled Funds/Common/Collective Trusts (Level 2, except for those holding real estate; see below)—These are trusts established for the collective investment of assets contributed from employee benefit plans maintained by more than one employer. Units are valued based on the fair value of the funds' underlying investments, with the fund valued at Net Asset Value ("NAV") observable only indirectly via fund managers by fund participants.
- Commingled Funds/Common/Collective Trusts—Real Estate/Real Estate Funds (Level 3)—Valued by investment managers and independent appraisers on a periodic basis. Data is not readily observable.

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

- Fixed Income—Corporate Bonds (Level 2)—Priced by brokers based on structured product markets, interest rate movements, new issue information, issuer ratings, dealer quotes, trade prices, etc., which are either directly or indirectly observable.
- Fixed Income—Derivatives (Credit Default Swaps, Interest Rate Forwards/Options/Swaps) (Level 2 unless priced by Investment Manager, then Level 3)—Priced using relatively observable inputs including yields, interest rate curves and spreads. Exchange traded derivatives are typically priced using the last trade price representing the last price at which the security was last traded on the exchange.
- Fixed Income—Government Agencies, Government Bonds, Government Collateralized Obligations and Mortgage Backed Securities ("MBS") (Level 2)—Priced based on dealer quotes, bond market activity, trade execution data, interest rate movements and volatilities, LIBOR/Swap forward curves, credit spreads which are either directly or indirectly observable.
- Fixed Income—Municipal & Provincial Bonds (Level 2)—Priced using data obtained from market makers, brokers, dealers and analysts. Data includes information on current trades, bid-wanted lists and offerings, general information on market movement, direction, trends and specific data on specialty issues.
- Fixed Income—Non-Government Backed Collateralized Obligations & MBS (Level 2 unless priced by Investment Manager, then Level 3)—Priced by brokers based on structured product markets, interest rate movements, new issue information, issuer ratings, dealer quotes, trade prices, etc., which are neither directly or indirectly observable.
- Investment of Collateral (Related to Securities Lending) (Level 2)—Consists of an investment in a cash collateral commingled fund holding government bonds, government agency securities, letters of credit, repurchase agreements and cash equivalents. Valued at the closing price reported on the active market on which the individual securities are traded using an institutional bid evaluation or institutional mid evaluation, observable only indirectly via the fund manager by fund participants. *NOTE: This category is relevant for 2009 only as the Coors portfolio, which had previously participated in Securities Lending activities, reduced that activity during 2010 so that the balance at December 31, 2010 was de minimus.*
- Cash Collateral Related to Derivatives (Held Elsewhere) (Level 3)—Collateral held by the investment manager or counterparty on derivative contracts that are priced by the investment manager, and as with derivatives that are priced by the investment manager and classified as Level 3, are not directly observable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Pension Expense

The following represents the Company's net periodic pension cost (in millions):

	Year ended December 31, 2010	Year ended December 31, 2009	Six months ended December 31, 2008
Components of net periodic pension cost:			
Service cost	\$ 17.7	\$ 17.1	\$ 11.4
Administrative expenses	7.6	3.9	—
Interest cost	122.2	126.1	63.3
Expected return on assets	(128.3)	(126.0)	(69.3)
Amortization of prior service cost	1.2	3.5	2.3
Amortization of actuarial loss	51.8	47.1	5.7
Curtailment loss/(gain), including termination benefits	14.0	24.0	(0.5)
Net periodic pension cost	\$ 86.2	\$ 95.7	\$ 12.9

Pension expense is actuarially calculated annually based on data available at the beginning of each year. Assumptions used in the calculations are determined separately for the Coors Trust and the Miller Trust and include the settlement discount rate, expected rate of return on investments and rate of compensation increases and are detailed in the table below.

	Coors Trust			Miller Trust		
	For the periods ended			For the periods ended		
	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2010	December 31, 2009	December 31, 2008
Weighted average assumption						
Discount rate (1)	5.00%	5.57%	6.22%	5.23%	5.78%	6.17%
Expected return on plan assets	6.70%	7.40%	7.80%	6.00%	7.70%	7.84%
Rate of compensati increases	2.75%	3.00%	3.00%	0.00%	3.50%	3.50%

(1) Rate utilized, as determined separately for the Coors Trust and the Miller Trust using the Citigroup Pension Liability Index and combined projected cash flows from each trust's pension and other post retirement plans, at year-end for the following year's pension expense and related balance sheet amounts at current year-end.

Contributions

The Company expects that its contributions to the plans will be in the range of \$75 million to \$100 million during 2011.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Benefit Payments

The following benefits are expected to be paid by the plans for the years ending December 31 as follows (in millions):

<u>Years ending December 31</u>	
2011	\$ 156.1
2012	155.5
2013	152.5
2014	155.0
2015	161.9
2016-2020	867.1

The most recent valuation of the pension plans was completed by an independent actuary as of December 31, 2010.

Pension Plan Curtailment and Special Termination Benefits

As part of collective bargaining in 2010, cessation of benefit accruals were negotiated to occur when the current labor agreements expire for two of the hourly unions at the Milwaukee brewery. This resulted in a curtailment loss of \$14.0 million which is reflected in the net periodic pension cost.

As part of collective bargaining in 2009, cessation of benefit accruals were negotiated to occur when the current labor agreements expire for hourly union employees at the Eden, Trenton and Leinenkugel breweries. This resulted in a curtailment loss of \$22.5 million which is reflected in the net periodic pension cost.

Certain employees at the Golden brewery whose jobs were eliminated in 2009 were granted years of service to reach significant retirement milestones. This resulted in a \$1.5 million special termination benefit which is reflected in net periodic pension cost.

Effective December 31, 2008, benefits were frozen for all employees who were former salaried exempt employees of Coors as well as former salaried non-exempt and hourly non-union employees of Coors who were hired after December 31, 2007. This resulted in a curtailment gain of \$2.4 million and is reflected in net periodic pension cost in 2008.

Certain employees meeting specified age and service requirements, and whose jobs were eliminated due to the MillerCoors joint venture were granted additional service credits under the plans. The cost of these special termination benefits equaled \$1.9 million and is reflected in net periodic pension cost in 2008.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

11. Employee Retirement Plans (Continued)

Change in Accumulated Other Comprehensive Loss

Changes in pension plan assets and benefit obligations recognized in accumulated other comprehensive loss for years ended December 31, 2010 and December 31, 2009 were as follows (in millions):

Accumulated other comprehensive loss as of	
December 31, 2008:	\$ 781.5
Amortization of prior service cost	(3.5)
Amortization of actuarial loss	(47.1)
Current period actuarial loss	50.1
Prior service cost/plan amendments	5.9
Curtailments	<u>(22.5)</u>
Accumulated other comprehensive loss as of	
December 31, 2009:	\$ 764.4
Amortization of prior service cost	(1.2)
Amortization of actuarial loss	(51.8)
Current period actuarial loss	152.6
Prior service cost/plan amendments	3.9
Curtailments	<u>(14.0)</u>
Accumulated other comprehensive loss as of	
December 31, 2010:	<u>\$ 853.9</u>

Multi-employer Pension Plans

The Company and Pabst Brewing Company ("Pabst") are responsible for the Milwaukee Brewery Workers' Pension Plan. In connection with Pabst's closure of its Milwaukee, Wisconsin brewery and its contract brewing agreement with the Company, Pabst entered into a Withdrawal Liability Settlement Agreement which requires annual payments by Pabst to this pension plan of approximately \$4.3 million until 2013. In the event that Pabst is unable to fulfill its pension plan obligation, the plan would have recourse to all the assets of Pabst. If such assets do not satisfy Pabst's remaining pension obligation, the Company would be obligated to fund the remaining Pabst withdrawal liability until 2013.

In accordance with FASB guidance, in a multi-employer plan, an employer treats the plan as a defined contribution plan and recognizes expense when contributions are made. Contributions by the Company to various multi-employer plans for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 were \$13.1 million, \$13.5 million and \$5.5 million, respectively.

Defined Contribution Plan

Essentially all employees of the Company are covered by a qualified defined contribution plan, the provisions of which vary by employee group. Contributions by the Company to qualified defined contribution plans for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 were \$43.6 million, \$35.0 million and \$12.0 million, respectively.

The Company provides a non-qualified defined contribution plan designed to provide allocations to executives with annual earnings exceeding the Internal Revenue Service ("IRS") compensation limit for qualified plans. The plan provides an allocation of 9% of compensation earned above the IRS

MillerCoors LLC and Subsidiaries**Notes to Consolidated Financial Statements (Continued)****11. Employee Retirement Plans (Continued)**

compensation limit. Contributions by the Company to this plan for the years ended December 31, 2010, and December 31, 2009 were \$1.0 million and \$1.1 million, respectively. No contributions were made to this plan for the six months ended December 31, 2008.

12. Postretirement Benefits

The Company has postretirement plans that provide medical benefits and life insurance and, in some cases, dental and vision coverage for retirees and eligible dependents. The plans are not funded. The Company's postretirement health plan qualifies for the federal subsidy under the Medicare Prescription Drug Improvement and Modernization Act of 2003 ("the Act") because the prescription drug benefits provided under the Company's postretirement health care plan for Medicare eligible retirees generally require lower premiums from covered retirees and have lower copayments and deductibles than the benefits provided in Medicare Part D and, accordingly, are actuarially equivalent to or better than, the benefits provided under the Act. The net benefits paid for the years ended December 31, 2010 and December 31, 2009, including prescription drugs, are \$40.3 million and \$42.0 million, respectively. Subsidies of \$0.8 million and \$0.9 million were received in 2010 and 2009, respectively.

The Company's net periodic postretirement benefit cost and changes in the projected benefit obligation of the postretirement benefit plans are as follows (in millions):

	Year ended December 31, 2010	Year ended December 31, 2009	Six months ended December 31, 2008
Components of net periodic postretirement benefit cost:			
Service cost	\$ 10.7	\$ 12.2	\$ 5.4
Interest cost	34.6	42.8	21.8
Amortization of prior service credit	(6.4)	(5.7)	(2.8)
Amortization of actuarial loss	1.2	8.2	2.4
Special termination benefits / curtailment loss	—	0.8	1.0
Net periodic postretirement benefit cost	\$ 40.1	\$ 58.3	\$ 27.8

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

12. Postretirement Benefits (Continued)

	December 31, 2010	December 31, 2009
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	\$ 630.4	\$ 719.2
Service cost	10.7	12.2
Interest cost	34.6	42.8
Plan amendments	(7.2)	(2.0)
Actuarial loss / (gain)	52.9	(100.6)
Special termination benefits / curtailment loss	—	0.8
Benefits paid	(40.3)	(42.0)
Projected benefit obligation, end of year	<u>\$ 681.1</u>	<u>\$ 630.4</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ —	\$ —
Employer contributions	40.3	42.0
Benefits paid	(40.3)	(42.0)
Fair value of plan assets, end of year	<u>\$ —</u>	<u>\$ —</u>
Funded status at end of year:		
Projected benefit obligation	\$ (681.1)	\$ (630.4)
Fair value of plan assets	—	—
Funded status—underfunded	<u>\$ (681.1)</u>	<u>\$ (630.4)</u>
Amounts recognized in the consolidated balance sheets:		
Current liabilities	\$ (45.2)	\$ (43.7)
Noncurrent liabilities	(635.9)	(586.7)
Total	<u>\$ (681.1)</u>	<u>\$ (630.4)</u>
Amounts included in accumulated other comprehensive (income) loss:		
Net actuarial loss	\$ 77.3	\$ 25.5
Prior service benefit	(28.0)	(27.1)
Total	<u>\$ 49.3</u>	<u>\$ (1.6)</u>

The estimated prior service benefit and net actuarial loss for defined benefit postretirement plans that will be amortized from accumulated other comprehensive loss into net periodic postretirement benefit cost over the next year are (\$6.0) million and \$4.2 million, respectively. The obligations under these plans were determined by the terms of the plans, together with the relevant actuarial assumptions and health care cost trend rates. These assumptions have been determined separately for retirees who

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

12. Postretirement Benefits (Continued)

were former employees of Coors and retirees who were former employees of Miller and are detailed in the table below.

	Year ended December 31, 2010	
	Former Employees of Coors	Former Employees of Miller
Discount Rate	5.00%	5.23%
Health Care Cost Trend Rate	Ranging rateable from 8.4% in 2011 to 5.0% in 2021	Ranging rateable from 8.0% in 2011 to 5.0% in 2019

	Year ended December 31, 2009	
	Former Employees of Coors	Former Employees of Miller
Discount Rate	5.57%	5.78%
Health Care Cost Trend Rate	Ranging rateable from 7.8% in 2010 to 5.0% in 2019	Ranging rateable from 7.5% in 2010 to 5.0% in 2019

The assumed health care cost trend rates have a significant effect on the amounts reported for other postretirement benefits. A 1% change in the assumed health care cost trend rate would have the following effects (in millions):

	1% Increase	1% Decrease
Effect on total of service and interest cost components	\$ 4.9	\$ (4.2)
Effect on postretirement benefit obligation	60.2	(53.8)

Benefit Payments

The following benefits are expected to be paid by the plans for the years ending December 31 as follows (in millions):

Years ending December 31	
2011	\$ 45.2
2012	45.3
2013	45.5
2014	46.0
2015	46.7
2016-2020	238.5

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

12. Postretirement Benefits (Continued)

Change in Accumulated Other Comprehensive (Income)/Loss

Changes in postretirement benefit plan assets and benefit obligations recognized in other comprehensive (income)/loss for the years ended December 31, 2010 and December 31, 2009, were as follows:

Accumulated other comprehensive loss as of	
December 31, 2008:	\$ 103.5
Amortization of prior service credit	5.7
Amortization of actuarial loss	(8.2)
Current period actuarial gain	(100.6)
Prior service credit/plan amendments	<u>(2.0)</u>
Accumulated other comprehensive income as of	
December 31, 2009:	\$ (1.6)
Amortization of prior service credit	6.4
Amortization of actuarial loss	(1.2)
Current period actuarial loss	52.9
Prior service credit/plan amendments	<u>(7.2)</u>
Accumulated other comprehensive loss as of	
December 31, 2010:	<u>\$ 49.3</u>

13. Debt

The Company's total long-term borrowings are comprised of the following (in millions):

	December 31, 2010	December 31, 2009
RMMC joint venture 7.2% notes due 2013	\$ 13.6	\$ 18.2
RMMC joint venture borrowings due 2011	16.0	16.0
Promissory notes	<u>3.2</u>	<u>3.2</u>
Total long-term debt (including current portion)	\$ 32.8	\$ 37.4
Less: current portion of long-term debt	20.5	4.6
Long-term debt	<u>\$ 12.3</u>	<u>\$ 32.8</u>

On January 24, 2002 and July 1, 2002, RMMC completed the private placement of \$50 million principal amount of 7.2% senior notes (Series A and B, respectively), due 2013. The senior notes were amended on August 31, 2004 which effectively changed the notes from secured to unsecured. The notes include semi-annual prepayments of principal, as well as optional prepayments and redemption provisions (make-whole provisions). The optional pre-payment and redemption price is equal to the 100% of the principal amount paid, interest accrued thereon, as well as the make-whole amount.

On July 25, 2008, RMMC entered into a credit agreement with Deutsche Bank in the amount of \$16 million. The loan is guaranteed by Molson Coors and comes due on December 25, 2011. This loan bears interest at a variable rate which resets quarterly based on three month LIBOR plus a spread of 1.21%. The all-in rate at December 31, 2010 was 1.51% and at December 31, 2009 was 1.50%. Interest is paid quarterly. Terms of the agreement allow for partial or complete prepayment of the loan without penalty.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

13. Debt (Continued)

The Company holds promissory notes with Ball in regard to a loan agreement established as part of the RMMC joint venture. The notes are the result of certain tax benefits received by Ball from the depreciation of assets purchased by the Company. A calculation is performed annually to determine if a loan is made to or from Ball based on the most recent tax filings. Loans made by the Company to Ball are immaterial in amount and netted against the loans from Ball. The notes will become due at the earlier of (i) the tax benefits are no longer received by Ball, (ii) the dissolution of RMMC or (iii) an event of default. Payments against this balance are not expected to be made in the foreseeable future.

As of December 31, 2010, the aggregate principal debt maturities of long-term debt borrowings for the next five fiscal years are as follows (in millions):

2011	\$ 20.5
2012	4.6
2013	4.5
2014	—
2015	—
Thereafter	3.2
Total	\$ 32.8

As of December 31, 2010, the Company was in compliance with the terms of its debt facilities.

14. Transactions with Affiliates

Transactions with affiliates include service agreement arrangements, the purchase and sale of beer, and other charges for goods and services incurred on behalf of related parties.

The Company participates in four service arrangements that began on July 1, 2008. These agreements are with Miller and Molson Coors, in which the Company serves as both the recipient and provider of services. Each service agreement is made between the two respective parties only. However, for the services supplied to Miller, this also includes Miller Brewing International and other subsidiaries of Miller. For the services supplied to Molson Coors, this also includes Coors Brewing International and other subsidiaries of Molson Coors. Service agreement charges to Miller for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 were \$1.4 million, \$1.5 million and \$0.8 million, respectively. Service agreement and other charges to Molson Coors for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 were \$1.1 million, \$1.4 million and \$0.6 million, respectively. Service agreement and other costs from Molson Coors for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008 were \$4.1 million, \$12.7 million and \$5.8 million, respectively.

Outside of the service agreement, affiliate transactions relate mainly to beer purchases and sales. The Company recorded sales of \$72.5 million, \$68.9 million and \$32.4 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively, under a contract brewing relationship with Miller Brewing International. The Company recorded sales of beer to Molson Coors of \$9.4 million, \$9.9 million and \$2.9 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively, under a contract brewing relationship.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

14. Transactions with Affiliates (Continued)

The Company recorded purchases of beer of \$35.4 million, \$37.9 million and \$51.3 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively, from Molson Coors. The Company also recorded purchases of beer from SABMiller in the amount of \$34.9 million, \$40.4 million and \$22.2 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively.

During the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, the Company sold \$3.1 million, \$6.9 million and \$10.1 million, respectively, of hops to SABMiller and subsidiaries.

The Company leases water rights in Colorado for use at the Golden, Colorado brewery from Molson Coors at no cost.

RMMC is a joint venture with Ball in which the Company holds a 50% interest. Costs recorded for services provided to RMMC from Ball were \$5.6 million, \$7.6 million and \$3.7 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively.

RMBC is a joint venture with Owens in which, as of December 22, 2009, the Company holds a 50% interest following the consent by Owens on the assignment by Molson Coors of its equity interest in RMBC to the Company. Transactions between RMBC and Owens for the year ended December 31, 2010 were \$5.1 million. Transactions for the year ended December 31, 2009 and the six months ended December 31, 2008 were not significant.

Amounts due from affiliates are as follows (in millions):

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Miller Brewing Company and subsidiaries	\$ 13.9	\$ 22.1
Molson Coors and subsidiaries	4.7	5.0
SABMiller and subsidiaries	1.3	2.2
Total	\$ 19.9	\$ 29.3

Amounts due from Miller Brewing Company represent open receivables under the contract brewing arrangement with Miller Brewing International, the service agreement and other charges for goods and services incurred on its behalf. Amounts due from Molson Coors relate to costs associated with export beer production, the service agreement, and other charges for goods and services incurred on its behalf. Amounts due from SABMiller are mainly associated with hops sales and guarantee fee income.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

14. Transactions with Affiliates (Continued)

Amounts due to affiliates are as follows (in millions):

	December 31, 2010	December 31, 2009
Molson Coors and subsidiaries	\$ 6.0	\$ 10.6
Miller Brewing Company and subsidiaries	0.2	—
SABMiller and subsidiaries	3.0	4.4
Other	3.3	5.0
Total	\$ 12.5	\$ 20.0

Amounts due to Molson Coors relate mainly to the purchase of beer and charges for services provided under the service agreement. Amounts due to Miller include amounts owed for charges for goods and services incurred on its behalf. Amounts due to SABMiller mainly include purchases of beer and royalties. Other includes amounts owed to Graphic Packaging Corporation ("GPC"), a related party. The Company recorded costs of \$228.1 million, \$231.4 million and \$98.9 million for the purchase of packaging materials from GPC for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively.

15. Commitments and Contingencies

The Company leases certain facilities and equipment under non-cancellable agreements pertaining to land and buildings, machinery and equipment, and vehicles accounted for as operating leases. The commitments are with numerous vendors and the term of each commitment can vary in length from one to fifteen years. Future minimum lease payments under these leases as of December 31, 2010 are as follows (in millions):

<u>Years ending December 31</u>	
2011	\$ 15.5
2012	12.0
2013	9.1
2014	7.4
2015	6.2
Thereafter	43.4
Total	\$ 93.6

Total rent expense was \$21.8 million, \$19.2 million and \$10.3 million for the years ended December 31, 2010, December 31, 2009 and six months ended December 31, 2008, respectively.

The minimum lease payments above have not been reduced by minimum sublease rentals of \$2.2 million due in the future under non-cancellable subleases.

Supply Contracts

The Company has various long-term supply contracts with unrelated third parties to purchase certain materials used in the production and packaging of its products. The contracts are generally at market rate and the terms generally stipulate that the Company must use the designated supplier for

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

15. Commitments and Contingencies (Continued)

an expected minimum percentage of its annual purchase requirements of the specified material. However, the Company is generally not obligated to make any purchases unless it requires supplies of such materials. Supply contracts outstanding as of December 31, 2010 for malt, adjuncts, bottles, labels, cans and other packaging materials expire in various years through 2016.

Advertising and Promotions

The Company has entered into various long-term non-cancelable commitments pertaining to advertising, marketing services, and promotions. The commitments are with numerous vendors and the term of each commitment can vary in length from one year to several years.

As of December 31, 2010, the future non-cancelable commitments are as follows (in millions):

<u>Years ending December 31</u>	
2011	\$ 288.4
2012	92.4
2013	47.1
2014	28.9
2015	27.6
Thereafter	77.1
Total	<u>\$ 561.5</u>

Environmental

Periodically, the Company is involved in various environmental matters. Although it is difficult to predict the Company's liability with respect to these matters, future payments, if any, would be made over a period of time in amounts that would not be material to the Company's financial position or results of operations. The Company believes that adequate reserves have been provided for environmental costs that are probable as of December 31, 2010.

Letters of Credit

As of December 31, 2010, the Company had approximately \$23.8 million outstanding in letters of credit supporting insurance arrangements. These letters of credit expire at various times throughout 2011 and all contain an evergreen clause which will automatically renew them for an additional year if no cancellation notice is submitted.

Litigation and Other Disputes

The Company and its subsidiaries are involved in disputes and legal actions arising in the ordinary course of business. While it is not feasible to predict or determine the outcome of these proceedings, management believes, based on a review with legal counsel, none of these disputes and legal actions is expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters, may arise from time to time that may harm the Company. The Company believes adequate reserves have been provided for probable legal costs as of December 31, 2010.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

15. Commitments and Contingencies (Continued)

Multi-employer Pension Plan

On November 24, 2009, the Company received a letter from the trustees of the Milwaukee Brewery Worker's Pension Plan rejecting the company's position that the joint venture transaction qualified as exempt under Employee Retirement Income Security Act ("ERISA") Section 4204. ERISA Section 4204 provides that, if certain conditions are met, the sale of assets of a participating employer will not be considered a withdrawal and, therefore, the seller is exempt from withdrawal liability. However, the trustees did not assess a withdrawal liability and the Company does not believe a withdrawal liability was triggered. Rather, the trustees invited the Company to enter into discussions regarding a mutually satisfactory resolution of the Plan's withdrawal liability claims.

Subsequently, the Company has held discussions with the trustees of the Milwaukee Brewery Workers' Pension Plan on various options to remedy the situation. Various options are being considered, including one where the Company would assume the assets and liabilities of the Milwaukee Brewery Workers' Pension Plan. If this was the final resolution of this matter, the Company would be required to record the net unfunded obligation which approximates \$47.0 million at December 31, 2010. As of December 31, 2010 no final outcome has been determined as such, no amount has been recorded.

Guarantees

In August 2003, SABMiller issued \$300.0 million of 6.625% guaranteed notes, which were guaranteed by the Company. The notes mature on August 15, 2033 and are redeemable in whole or in part at any time at the option of the issuer at a redemption price equal to the make-whole amount. The Company's guarantee in support of these notes ended on September 10, 2010. On August 20, 2010 SABMiller announced a consent solicitation from holders of the notes that sought to release the Company from its guarantee of payment of principal and interest on the notes. Valid consents were delivered on September 10, 2010.

Pabst Contract Brewing

The Company has a contract brewing arrangement with Pabst in which the Company brews the majority of Pabst's products. Revenues earned in the contract brewing arrangement are included within sales in the consolidated statements of operations and comprehensive income (loss) and were approximately \$436.9 million, \$453.1 million and \$226.5 million for the years ended December 31, 2010, December 31, 2009 and the six months ended December 31, 2008, respectively.

On June 25, 2010, in conjunction with a change in ownership of Pabst, the Company settled a \$120.0 million note receivable from Pabst with an original maturity date of June 29, 2012. As part of the settlement, Pabst paid down \$100.0 million of the original note receivable and a new note, which matures on June 30, 2016, was issued for \$20.0 million. Interest income is earned on the new note at an annual rate of 6.0% and is payable to the Company upon maturity. Accrued interest outstanding related to notes receivable with Pabst was \$0.6 million and \$42.2 million at December 31, 2010 and December 31, 2009, respectively. As of December 31, 2010 and 2009, amounts are included in the consolidated balance sheets in non-current assets.

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

16. Share-Based Payments

As of December 31, 2010, the Company had two share-based compensation plans.

Share appreciation rights ("SARs")

The Company issues SARs to certain employees that are granted with an exercise price equal to the fair value of a share of its internally valued stock on the date of grant. The shares are valued using the income and market approaches. The SARs have a term of seven years and vest proportionally over 2 1 / 2 to 5 years depending on the specific issuance. The Company values the SARs using the Black-Scholes value model. As the SARs are settled in cash, the Company accounts for the awards on a liability basis.

Performance shares

Performance shares are granted to certain employees and are based on achieving certain performance targets at the end of the performance period. The ultimate number of performance shares awarded will be determined at the close of the performance period based on the performance against the pre-determined targets for the specific grant. Employees will receive a cash payment based on the number of performance shares earned at the fair value at the vesting date. As the performance shares are settled in cash, the Company accounts for the awards on a liability basis.

	Year ended December 31, 2010	Year ended December 31, 2009	Six months ended December 31, 2008
Shares issued	1,825,691	1,910,309	2,021,500
Unvested shares	3,287,445	3,760,606	1,969,000
Weighted average fair value	\$ 11.36	\$ 10.50	\$ 10.15

The performance shares will be earned if the Company achieves certain financial targets for the year ending December 31, 2012 for the 2010 issuance, the year ending December 31, 2011 for the 2009 issuance and December 31, 2010 for the 2008 issuance. Based on actual results to date, the Company is accruing the performance shares at 123% of the targeted payout level for the 2008 issuance, 80% for the 2009 issuance and 67% for the 2010 issuance. The ultimate fair value cash payments of the performance shares will be expensed over the performance period for the shares that are expected to ultimately vest. At December 31, 2010, 2009 and 2008, there was \$75.5 million, \$53.6 million and \$38.2 million of unrecognized compensation cost related to the unvested shares based on the maximum payout of 200%.

The following table summarizes components of the cash-based compensation recorded as expense (in millions):

	Year ended December 31, 2010	Year ended December 31, 2009	Six months ended December 31, 2008
SARs	\$ 8.7	\$ 8.4	\$ 3.4
Performance shares	17.9	23.4	2.0
Total	\$ 26.6	\$ 31.8	\$ 5.4

MillerCoors LLC and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

16. Share-Based Payments (Continued)

The fair value of SARs granted in 2010, 2009 and 2008 was determined on the date of grant using the Black-Scholes model with the following weighted-average assumptions:

	Year ended December 31, 2010	Year ended December 31, 2009	Six months ended December 31, 2008
Expected life (in years)	4.0	4.0	4.0
Expected volatility	30.0%	30.0%	30.0%
Dividend yield	0%	0%	0%
Risk-free interest rate	0.96%	1.88%	1.19%
Weighted average fair market value (1)	\$ 3.38	\$ 3.78	\$ 3.43

(1) Value relates to SARs granted for the years ended December 31, 2010, December 31, 2009 and for the six months ended December 31, 2008 using December 31, 2010 assumptions.

The risk-free interest rate utilized is based on the yield on a U.S. Government Bond with a maturity equal to the term of the grant. Expected volatility is based on comparable company volatility in the last three years. The dividend yield is 0% due to the internally valued shares not paying dividends. The expected life is estimated based upon observations of historical employee option exercise patterns and trends of that of the Shareholders.

SARs outstanding as of December 31, 2010 and the changes during the year are presented below:

	SARs	Weighted average grant date fair value	Aggregate intrinsic value (in millions)	SARs exercisable		
				Shares	Weighted average exercise price	Aggregate intrinsic value (in millions)
Outstanding as of December 31, 2009	6,380,014	\$ 9.91	\$ 3.8	1,328,718	\$ 9.87	\$ 0.8
Granted	731,749	10.13				
Exercised	—	—				
Forfeited	(396,861)	9.80				
Outstanding as of December 31, 2010	<u>6,714,902</u>	<u>\$ 9.94</u>	<u>\$ 9.5</u>	<u>3,317,324</u>	<u>\$ 9.91</u>	<u>\$ 4.8</u>

The following summarizes information about SARs outstanding as of December 31, 2010:

	SARs outstanding			SARs exercisable		
	Shares	Weighted average remaining contractual life (years)	Weighted average exercise price	Shares	Weighted average remaining contractual life (years)	Weighted average exercise price
Range of exercise prices \$10.13—\$9.29	6,714,902	4.6	\$ 9.94	3,317,324	4.3	\$ 9.91

MillerCoors LLC and Subsidiaries**Notes to Consolidated Financial Statements (Continued)****16. Share-Based Payments (Continued)**

The summary of unvested SARs activity for the years ended December 31, 2010 and December 31, 2009 is as follows:

	2010		2009	
	Shares	Weighted average grant date fair value	Shares	Weighted average grant date fair value
Non-vested as of January 1, 2010 and 2009, respectively	5,051,292		5,578,896	
Granted	731,749	\$ 2.74	801,114	\$ 2.11
Vested	(1,988,606)		(1,328,718)	
Exercised	—		—	
Forfeited	(396,861)		—	
Non-vested as of December 31, 2010 and 2009, respectively	<u>3,397,574</u>		<u>5,051,292</u>	

As of December 31, 2010, the total compensation cost related to non-vested SARs not yet recognized was \$4.4 million. This compensation expense is expected to be recognized over a weighted average period of approximately 2.3 years.

17. Subsequent Events

The Company has evaluated subsequent events through the date that the financial statements were issued, February 16, 2011, and has determined that there are no events to report.

QuickLinks

Exhibit 99

[Report of Independent Registered Public Accounting Firm](#)

[MillerCoors LLC and Subsidiaries Consolidated Balance Sheets \(In millions, except shares\)](#)

[MillerCoors LLC and Subsidiaries Consolidated Statements of Operations and Comprehensive Income \(Loss\) \(In millions\)](#)

[MillerCoors LLC and Subsidiaries Consolidated Statements of Cash Flows \(In millions\)](#)

[MillerCoors LLC and Subsidiaries Consolidated Statements of Shareholders' Investment \(In millions\)](#)

[MillerCoors LLC and Subsidiaries Notes to Consolidated Financial Statements](#)